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C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first quarter 1937

compared with the

same period of 1936

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Published by Authority of the Hon. W.D. Euler, M.P.,
Minister of Trade and Commerce.

+ + +

OTTAWA

1937

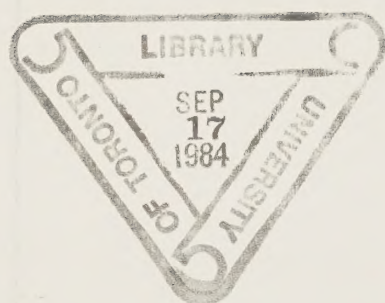
CANADA
DEPARTMENT OF TRADE AND COMMERCE
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BUSINESS CONDITIONS IN CANADA

During the first quarter 1983

compared with the

same period of 1980



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OTTAWA

1983

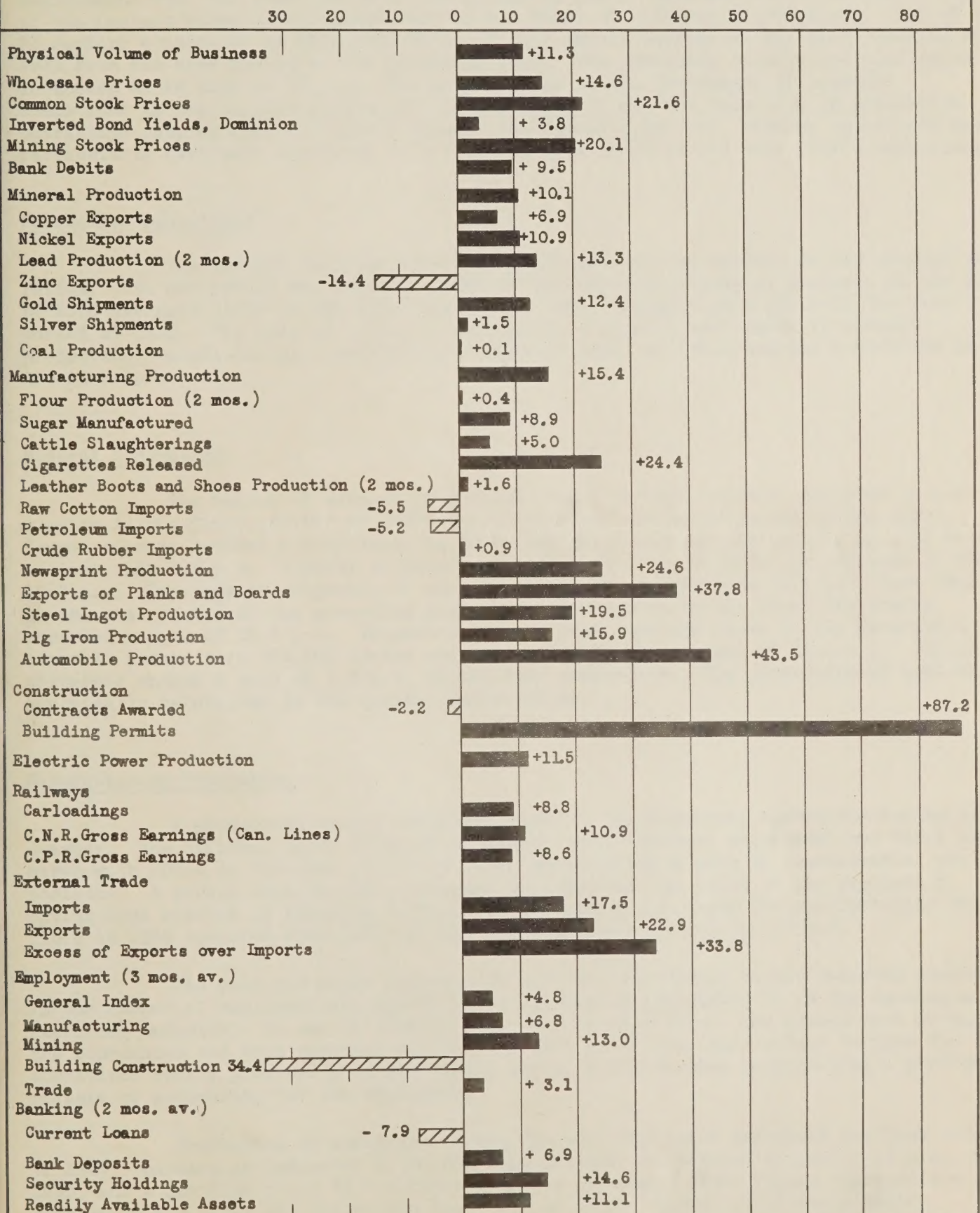
The Economic Situation in Canada

in the first Quarter of 1937

as compared with the same period of 1936.

% Decrease

% Increase



DOMINION BUREAU OF STATISTICS - OTTAWA

Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Sydney B. Smith, M.A.

BUSINESS CONDITIONS IN CANADA DURING THE FIRST QUARTER OF 1937
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR.

Economic conditions in Canada during the first quarter of 1937 showed marked improvement over the same period of the preceding year. Advances were recorded in most of the factors regarded as significant in the study of cyclical fluctuations. Out of the 53 factors considered in this connection, 8 only showed decline in the first quarter of 1937 from the same period of the preceding year. The remaining factors recorded gains amounting to as high as 87 p.c. The main element in the betterment of economic conditions in the elapsed portion of the present year was the expansion in productive operations coupled with the marked advance in commodity prices. Banking operations were particularly favorable resulting in a strong liquid position and easy credit conditions.

Productive Operations

The revival in productive operations was carried further in the quarter under review. The net result was that the index of the physical volume of business on the base of 1926 averaged 116.9 in the first quarter of 1937, compared with 105.0 in the same period of 1936. The gain of 11.3 p.c. represents a general betterment in mineral production, manufacturing, construction, electric power and distribution dealt with in detail below.

Mineral Production.

The volume of mineral production, based on nine factors, was over 10 p.c. greater in the first quarter of 1937 than in the same period of the preceding year. Copper exports reached a high level in 1937, the gain over the same months of 1936 being no less than 6.9 p.c. Exports of nickel in different forms recorded an increase of about 10.9 p.c. The outward shipments of zinc in the first quarter were 14.4 p.c. less than in the same period of the preceding year. Lead production in the first two months recorded a gain of 13.3 p.c. Shipments of gold from Canadian mines to the Mint and to external points were 974,000 ounces compared with 866,000, a gain of 12.4 p.c. Silver shipments showed a gain of 1.5 p.c. in the same comparison. The production of coal was practically maintained in the quarter under review.

Manufacturing Production.

A pronounced upward trend was shown in manufacturing operations during last quarter. The official index based on 30 factors with seasonal adjustment was 118.2 compared with 102.4 in the same period of 1936, representing a gain of considerable proportions. A marked advance was also shown in 1936, the low point of the depression having been reached in February, 1933. The average of the index for manufacturing was 110.6 in 1936 compared with 100.5 in the preceding year, a gain of 10 p.c.

The pulp and paper industry is of prime importance to the Canadian economy. In the number of employees and distribution of wages and salaries it is the leading manufacturing industry. It can be clearly seen that in production, the ground lost during the depression has been regained and the industry needs only fair prices to make its operations really profitable to its owners and more efficacious in promoting a greater measure of prosperity for its employees.

Production of newsprint during the last two years surpassed the high level of 1929, reaching an estimated 3,191,000 tons in 1936, an advance of nearly 16 p.c. over 1935, and a new high point in the history of the industry. This figure represents a gain of 70 p.c. over the depression low point of 1932. Prices which began their precipitous decline in 1928, continued downward until 1935, while an upward trend has since been in evidence.

The output of newsprint was at a new high point in the first quarter, amounting to 864,333 tons. This compares with 693,424 in the same period of 1936, a gain of 24.6 p.c. The exports of planks and boards indicative of conditions in the lumber industry, showed a gain of nearly 38 p.c. in this comparison.

The primary iron and steel industry has been very much more active in 1937 suggesting revival in the industrial group producing durable goods. Steel ingot production at 352,164 tons recorded a gain of 19.5 p.c., while the output of pig iron at 199,381 tons was up nearly 16 p.c.

During the last six months, the spotlight of public attention has been focused on the iron and steel industry. Much of the colossal expenditure on armaments contemplated by the major nations of the world will naturally flow into the industry. The increased domestic demand in these countries, many of which are normally exporters, precludes any immediate possibility of their entering the Canadian market in serious competition with our domestic producers. Far from any immediate foreign competition affecting the industry, a brisk demand for Canadian iron and steel has developed in Great Britain. This export should be of particular value to the Maritime steel industry which had been operating at low levels for some years past.

A study of the indexes indicates that the production of steel ingots and castings is the highest on record since 1929 and nearly four times as great as the average for the year 1932, the recent low point. This is a remarkable advance when we consider that only a small percentage of this gain may be attributed to the construction industry which is still far from the levels of 1929. Production of pig iron was actually suspended for three months in the spring of 1933, the present level of operations being a cause of satisfaction.

The automobile and allied industries fared better in 1937 than in the preceding year. The output of motor cars at about 64,000 recorded a gain of no less than 43.5 p.c. Crude rubber imports, indicating conditions in the tire industry, showed a gain of 1 p.c. The imports of crude petroleum at 157,542,000 gallons were down 5.2 p.c. for the same period of 1936.

The record of the construction industry in Canada was encouraging in the first quarter of this year. While the actual value of contracts awarded in the first three months was down slightly from the same quarter of 1936, the contemplated new construction estimated at \$134,738,100 is more than double that of last year. All provinces with the exception of Saskatchewan, showed large gains in this comparison.

Building permits at \$10,470,000 in the first quarter of 1937 compared with \$5,592,000 last year, registered an increase of 87.2 p.c. Loans authorized by the Dominion Government under the Dominion Housing Act now total well over a million and a half dollars. The price trend of building materials in sympathy with commodity prices has been steadily upward since the spring of 1935 and the index based on 1926 equalling 100 stood at 97.3 in March compared with 84.2 in March 1936, an advance of over 15 p.c.

Trade.

Canada's trade in the fiscal year ended March 31, mounted to the highest point since the fiscal year ended March 1930, registering a gain of no less than 22 p.c. over last year and an advance of 84 p.c. over the 22-year minimum of 1933. In practically all months of the year just ended, increases were shown over similar months of the past four years. The total trade of Canada in the fiscal year 1936-37 was estimated at \$1,733 million, compared with \$1,425 million last year, an increase in value of nearly \$308 million.

In the first quarter of the present year, Canada's trade registered an advance of 20.8 p.c. with a value of \$406,951,000 compared with \$336,993,000 in the same months of last year. Imports were up from \$134,869,000 to \$158,484,000, a gain of $17\frac{1}{2}$ p.c., while exports were much more active aggregating \$248,466,000, an advance of \$46,341,000 over the \$202,125,000 shipped in the first quarter of 1936. This latter gain of 23 p.c. is particularly gratifying when we consider that the outflow of wheat at less than 20 million bushels for the quarter, was greatly reduced from average proportions so that the increase in other commodities was pronounced to counterbalance the decline in wheat.

The favourable balance of trade for the first quarter was nearly 90 million dollars, representing a further credit on foreign account of 23 millions over that acquired in the same period of 1936.

Railways.

Moderate gain was shown in the revenue freight handled by the railways of Canada during the first 13 weeks of 1937. The gain in the freight movement was 8.8 p.c., the total in the first quarter of 1937 being 593,000 cars compared with 545,000 in the same period of the preceding year. The gross operating revenue of the Canadian National on the Canadian lines showed a gain of 10.9 p.c. to \$36,178,000 from \$32,619,000 in the first quarter of 1936. The gross operating revenues of the Canadian Pacific in the same comparison were \$31,674,000 against \$29,153,000, a gain of 8.6 p.c.

Employment.

A considerably higher level of employment was maintained in the elapsed portion of 1937 than in the preceding year. The gain of employment in manufacturing plants, unaffected to any important extent by relief measures, has continued without considerable interruption since May 1933, when the turning-point of the employment cycle was reached. The index of manufacturing employment averaged 6.8 p.c. higher in 1937 than in the preceding year and the gain on March 1 over the same date of 1936 was 7 p.c. Contributing to that advance, most of the principal industries recalled their working forces in appreciable numbers. The gain over March 1, 1936, in the iron and steel, textile and lumber industries was 7 p.c., 6.5 p.c., and 9 p.c., respectively. The mining industry recorded an average gain over the first quarter of 1936 of 13 p.c., the acceleration in metal mining being of large proportions.

Common Stocks.

The resumption of industrial operations and the advancing trend of commodity prices favoured the revenue prospects of Canadian corporations in the first quarter of 1937. Despite the spectacular gain in stock prices from March 1933 to the end of 1936, a further advance was recorded in the present year, resulting in March in a new high point on the recovery movement. The average of the official index during the first quarter of 1937 was nearly 22 p.c. greater than in the same period of last year.

Following the advance in 1936 of high-grade bond prices, to the highest point in history, a decline was shown from week-to-week during the first quarter. Prices steadied during the elapsed portion of April and the level is still high relative to years prior to 1936.

Conclusion.

From this brief survey of the principal business factors, it is evident that the country with its wealth of natural resources provides one of the most striking examples of solid recovery and increased purchasing power. And it has been demonstrated that this recovery is being maintained during the present year.

With our favourable balance of trade exceeding our payments abroad, it is at last an accomplished fact that Canada is not only becoming less dependent upon foreign capital, but has finally started the long trend toward becoming a creditor nation.

Statistics Illustrating the Economic Situation of Canada in the First Quarter of
1937, Compared with the Same Period of 1936.

		First Quarter 1937	First Quarter 1936	Increase + Decrease -	Per Cent
<u>General Economic Situation.</u>					
Index of Physical Volume of Business		116.9 (p)	105.0	+	11.3
Wholesale Prices		83.2	72.6	+	14.6
Index of Common Stock Prices		142.3	117.0	+	21.6
Inverted Bond Yields, Dominion		146.2	140.8	+	3.8
Mining Stock Prices		174.8	145.5	+	20.1
Bank Debits	\$000	9,149,126	8,358,328	+	9.5
<u>Production and General Business</u>					
Mineral Production, 1926=100		162.7	147.8	+	10.1
Copper Exports	Lbs.	93,478,800	87,440,600	+	6.9
Nickel Exports	Lbs.	55,129,100	49,730,500	+	10.9
Lead Production (2 mos.)	Lbs.	62,617,050	55,254,764	+	13.3
Zinc Exports	Lbs.	58,910,800	68,838,700	-	14.4
Gold Shipments	Fine Ozs.	973,584	866,144	+	12.4
Silver Shipments	Fine Ozs.	4,626,242	4,558,268	+	1.5
Coal Production	Tons	3,860,554	3,856,456	+	0.1
Manufacturing Production	1926= 100	118.2	102.4	+	15.4
Flour Production (2 mos.)	Bbls.	2,008,324	2,001,005	+	0.4
Sugar manufactured	Lbs.	73,120,396	67,145,510	+	8.9
Cattle Slaughtering	No.	313,614	298,581	+	5.0
Hog Slaughtering	No.	1,043,656	783,355	+	33.2
Cigarettes released	No.	1,301,048,427	1,045,566,032	+	24.4
Cigars released	No.	22,830,783	21,216,410	+	7.6
Leather Boots and Shoes (2 mos.)	Prs.	3,212,465	3,161,841	+	1.6
Raw Cotton Imports	Lbs.	42,770,417	45,222,128	-	5.5
Paper and Lumber -					
Newsprint Production	Tons	864,333	693,424	+	24.6
Exports of Planks and Boards	Ft.	426,606,000	309,655,000	+	37.8
Iron and Steel -					
Steel Ingot Production	Long Tons	352,164	294,682	+	19.5
Pig Iron Production	Long Tons	199,381	172,096	+	15.9
Automobile and Allied Industries -					
Automobile Production	No.	63,991	44,591	+	43.5
Petroleum Imports	Gals.	157,542,315	166,169,464	-	5.2
Crude Rubber Imports	Lbs.	12,354,403	12,246,613	+	0.9
Construction -					
Contracts Awarded	\$	31,409,100	32,127,200	-	2.2
Building Permits	\$	10,470,129	5,592,471	+	87.2
Electric Power Production	000 K.W.H.	6,876,742	6,166,115	+	11.5
External Trade - (p)					
Imports	\$	158,484,000	134,869,000	+	17.5
Exports	\$	248,466,000	202,125,000	+	22.9
Favourable Balance of Trade	\$	89,982,000	67,256,000	+	33.8
Railways -					
Carloadings	No.	593,056	545,257	+	8.8
Gross Revenue C.N.R. (Can. Lines)	\$	36,178,000	32,619,000	+	10.9
Gross Revenue C.P.R.	\$	31,674,000	29,153,000	+	8.6
<u>Employment - 3 months' average, unadjusted.</u>					
General Index, 1926=100		109.6	104.6	+	4.8
Manufacturing		109.9	102.9	+	6.8
Logging		163.6	121.3	+	34.9
Mining		146.8	129.9	+	13.0
Construction		76.6	102.0	-	24.9
Building		43.0	65.5	-	34.4
Highway		101.2	141.1	-	28.3
Trade		130.6	126.7	+	3.1
<u>Banking - Two Months' Average</u>					
Bank Deposits	\$	2,206,108,374	2,063,071,449	+	6.9
Readily Available Assets	\$	1,621,327,618	1,458,687,685	+	11.1
Current Loans	\$	689,518,409	749,005,328	-	7.9
Call Loans - Canada	\$	119,115,690	77,874,838	+	53.0
Elsewhere	\$	70,120,845	60,765,808	+	15.4
Security holdings	\$	1,416,834,067	1,235,911,970	+	14.6

(p) Preliminary.

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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first four months 1937

compared with the

same period of 1936

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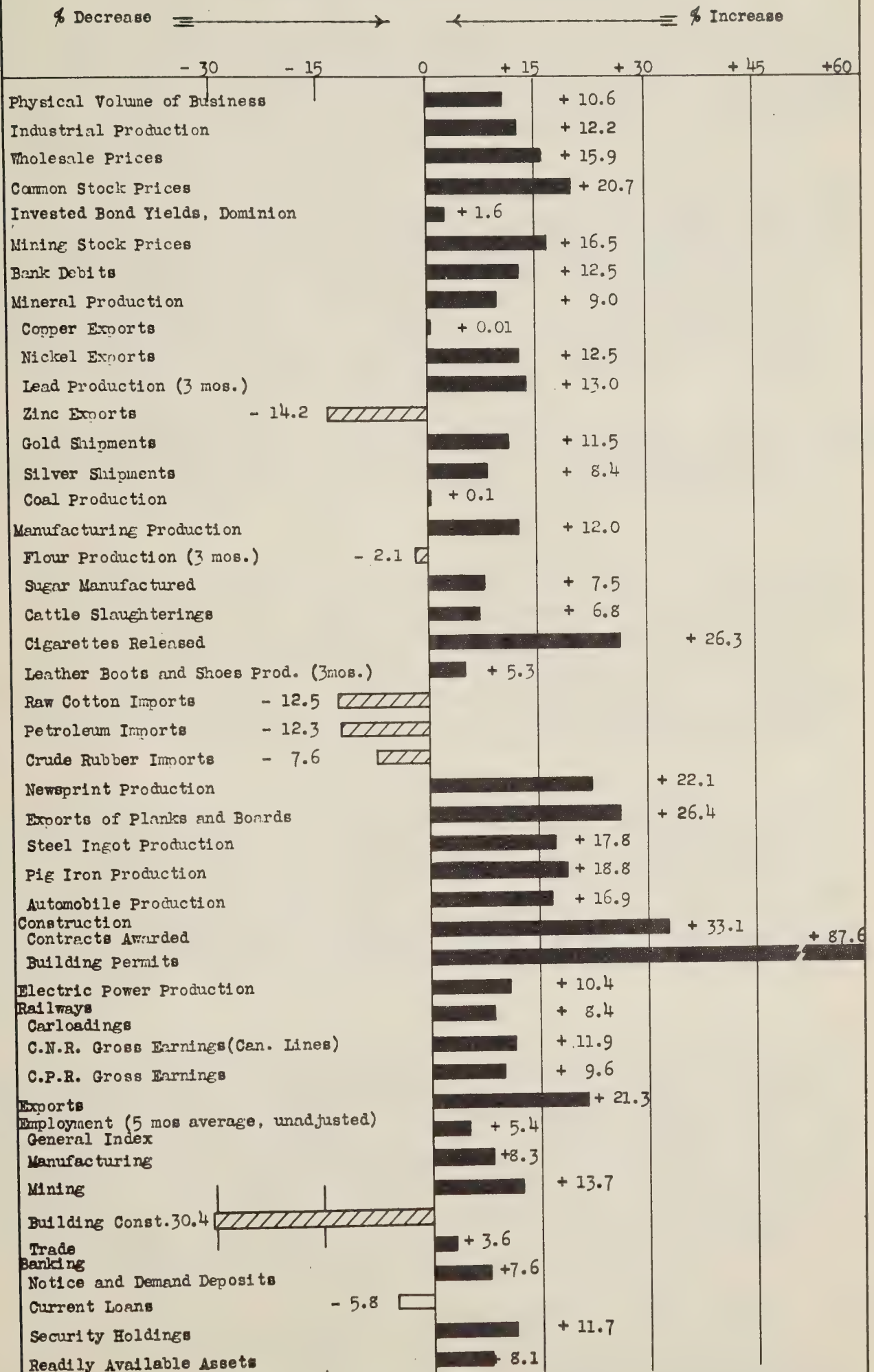
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OTTAWA

1937

The Economic Situation in Canada
in the First Four Months of 1937
as compared with the same period of 1936



Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Sydney B. Smith, M.A.

ECONOMIC EXPANSION IN THE FIRST FOUR MONTHS OF 1937,
OVER THE SAME PERIOD OF LAST YEAR.

The receipt of information regarding the first four months of 1937 sheds further light on the extent of the business recovery. The level of productive operations was much higher than in the corresponding months of 1936, the index of the physical volume of business based on 46 factors averaging 117.8 in the elapsed period of 1937 compared with 106.5 in the same period of last year. The gain of 10.6 p.c. in a representative index of this kind is evidence of a marked advance in business and productive enterprise over the levels in the first four months of 1936.

Perhaps the most fundamental change in economic conditions during the last twelve months was the rise in wholesale prices. The five-year price decline apparently reached its end (in terms of gold) toward the close of 1934, and prices turned definitely upward in the middle of the following year. The upturn reflected primarily the improvement in the supply-demand situation for many of the leading commodities, demand being increased by the progress of recovery throughout the world. Supply became better adjusted through artificial measures, as in the case of rubber and tin, and partly through other causes, as in the case of crop products. The improved position of the primary commodities is shown in the increased rapidity with which the index of world stocks of eight important commodities declined after 1934.

To the increasing demand as a result of recovery, was added that from rearmament, and in the commodities most affected the price advance had taken on a decidedly speculative character. This was specially true, of course, of the metals group, but a number of others such as rubber and hides attracted a good deal of speculative interest as well.

The setback in speculative commodities occurring in the latter part of April reflected the influence of two outstanding causes. The rapid advance during the latter part of 1936 and the first quarter of the year placed markets in a vulnerable position. In the second place, political announcements of a bearish character from other countries had a marked effect. Wholesale prices have shown recession since the intermediate turning-point was reached in April, but the downward trend has been decidedly moderate considering the rapidity of the advance in the preceding twelve months. The lead over the same week of 1936 is still about 36 p.c. A rise of these proportions during 12 months for an index not normally subject to wide fluctuations implies a spectacular development.

The advance of high-grade bond prices culminated at the beginning of the year. There followed a marked decline during the first quarter more than offsetting the advance of 1936. Dominion bonds recorded considerable recovery during April and May but at the end of the latter month the position of the same date of 1936 had not been recovered. The average yield on six prominent issues was 3.36 in the last week of May against 3.25 in the same week of last year. A low level of long-term interest rates is an incentive toward the production of investment goods. The cost of capital is an important consideration in undertakings involving the construction of plant and equipment.

Mining

It is an interesting development that many of the industries which shared in the prosperity phase of the last cycle, are now participating in the marked expansion of the last three years. Mining is one of the industries which must be included in this category. The index of mineral production based on mine factors rose from 154 in the first four months of 1936 to 168 in the elapsed period of the present year, a gain of no less than 9 p.c. Copper exports at 116,750,000 pounds showed a slight gain, while nickel exports at 68 million pounds recorded an increase of 12.5 p.c. The percentage gain in the production of lead was also large. Lead production in three months at nearly 98 million pounds compared with 86 million showed a gain of 13 p.c., while zinc exports in the four months at 72 million pounds were down 14 p.c.

Shipments of gold and silver showed important gains, the increases being 11.5 p.c. and 8.4 p.c., respectively. Gold shipments to the Mint and external points were 1,300,000 ounces compared with 1,170,000. The shipments of silver were 5,721,000 ounces compared with 5,277,000. Coal production at 4,863,000 tons was practically maintained

at the level of the early months of 1936.

Manufactures.

The continued expansion in manufacturing operations was one of the encouraging developments of the period. The index of manufacturing based on 29 factors averaged 12 p.c. higher than in the first four months of 1936, the standing on the base of 1926 having been 117.0, against 104.5. Industries engaged in the manufacture of consumers goods were more active. The meat packing industry operated at a high percentage of capacity, the gain in hog slaughterings having been more than 33 p.c. The manufacture of sugar exceeded 122 million pounds, a gain of 7.5 p.c. The release of cigarettes for consumption reached a new high point, a gain of 26 p.c. being shown over the first four months of last year. The boot and shoe industry was particularly active, the output in the first quarter having been 5,422,000 pairs. While the imports of raw cotton for further manufacture showed a decline, employment returns, averaging 6 p.c. greater, indicate that operations were more extensive.

The forestry group recorded notable progress, the index of operations based on four significant factors showing a gain of no less than 23 p.c. Newsprint production expanded to 1,162,000 tons, an advance of 22 p.c. over the first four months of last year. The export trade in planks and boards was no less than 527,700,000 feet against 417,600,000 in the same period of 1936. The gain of 26 p.c. represented a marked expansion especially when the pronounced revival of last year is kept in mind.

A considerably higher level of operations has been shown by the primary iron and steel industry. Steel ingot production showed a gain of nearly 18 p.c. while the pig iron output was up nearly 19 p.c. Despite the interruption caused by strikes, the automobile industry participated in the revival of the last two years. The output of motor cars was 17 p.c. greater, while declines were shown in the imports of crude rubber and crude petroleum indicative of conditions in the tire and oil refining industries, respectively.

While still at a comparatively low level, the operations of the construction industry showed appreciable gain over the first five months of 1936. Contracts awarded were \$80,006,200, a gain of 40.5 p.c. Building permits in 58 cities remained during the first four months at the relatively low level of \$16,568,000 compared with \$3,830,000, the gain being 87.6 p.c.

Electric power production has shown marked gain over the early months of 1936, reaching in April last, after seasonal adjustment, a new high point in the history of the industry. The gain in the four months' production over that of the same period of 1936 was 10.4 p.c.

The railway freight movement made a fair showing in the first four months of 1937, the gain in loadings over the same period of 1936 being 8.4 p.c. The gross operating revenue of the Canadian lines of the Canadian National was 12 p.c. greater, while the corresponding revenue of the Canadian Pacific was up 9.6 p.c.

The volume of external trade showed correlation with the betterment in Canadian business operations. The value of exports in the first four months was \$315 million compared with \$260 million, a gain of more than 21 p.c. The increase was due in part to the gain in prices, but a marked increase in volume also contributed to the result.

Employment

In confirmation of the improvement outlined above, the monthly survey of employment conditions presents impressive evidence. Despite the lower level of employment on relief work undertaken by governmental authorities, the general level of the working forces during the elapsed portion of 1937 was 5.4 p.c. greater than in the same months of last year. Manufacturing plants showed considerable vigor with an expansion of 8.3 p.c., the standing on May 1, being more favorable than at any time since the end of 1929.

Primary industries participated in the advance logging and mining recording gains of 36 p.c. and nearly 14 p.c., respectively, over the levels of the first five months of 1936.

Statistics Illustrating the Economic Situation of Canada in Four Months of
1937, Compared with the Same Period of 1936.

		Four Months		Increase +
		1937	1936	Decrease -
				Per Cent
<u>General Economic Situation.</u>				
Index of Physical Volume of Business	1926=100	117.8	106.5	+ 10.6
Index of Industrial Production	1926=100	120.9	107.8	+ 12.2
Wholesale Prices	1926=100	84.0	72.5	+ 15.9
Index of Common Stock Prices	1926=100	140.8	116.7	+ 20.7
Inverted Bond Yields, Dominion	1926=100	143.8	141.6	+ 1.6
Mining Stock Prices	1926=100	169.6	145.6	+ 16.5
Bank Debits	\$000	12,525,326	11,132,085	+ 12.5
<u>Production and General Business</u>				
Mineral Production, 1926=100		168.3	154.4	+ 9.0
Copper Exports	Lbs.	116,752,000	116,702,400	+ 0.01
Nickel Exports	Lbs.	68,282,400	60,697,000	+ 12.5
Lead Production (3 mos.)	Lbs.	97,824,517	86,549,604	+ 13.0
Zinc Exports	Lbs.	71,761,700	83,661,800	-14.2
Gold Shipments	Fine Ozs.	1,305,441	1,171,254	+ 11.5
Silver Shipments	Fine Ozs.	5,720,636	5,276,689	+ 8.4
Coal Production	Tons	4,854,781	4,849,322	+ 0.1
Manufacturing Production	1926=100	117.0	104.5	+ 12.0
Flour Production (3 mos.)	Bbls.	3,106,868	3,172,746	- 2.1
Sugar manufactured	Lbs.	122,175,841	113,600,438	+ 7.5
Cattle Slaughterings	No.	462,596	432,980	+ 6.8
Hog Slaughterings	No.	1,400,075	1,050,210	+ 33.3
Cigarettes released	No.	1,851,597,605	1,466,319,352	+ 26.3
Cigars released	No.	33,011,949	30,020,468	+ 10.0
Leather Boots and Shoes (3 mos.)	Prs.	5,421,850	5,147,888	+ 5.3
Raw Cotton Imports	Lbs.	45,790,333	52,345,040	-12.5
Paper and Lumber -				
Newsprint Production	Tons	1,162,680	952,145	+ 22.1
Exports of Planks and Boards	Ft.	527,685,000	417,604,000	+ 26.4
Iron and Steel -				
Steel Ingot Production	Long Tons	473,590	401,902	+ 17.8
Pig Iron Production	Long Tons	267,519	225,141	+ 18.8
<u>Automobile and Allied Industries -</u>				
Automobile Production	No.	81,272	69,542	+ 16.9
Petroleum Imports	Gals.	193,285,581	220,312,360	-12.3
Crude Rubber Imports	Lbs.	13,547,345	14,662,625	- 7.6
<u>Construction -</u>				
Contracts Awarded	\$	55,835,700	41,942,300	+ 33.1
Building Permits	\$	16,568,165	8,829,837	+ 87.6
Electric Power Production	000 K.W.H.	9,199,627	8,330,743	+ 10.4
<u>External Trade -</u>				
Exports	\$	315,373,497	260,088,149	+ 21.3
<u>Railways -</u>				
Carloadings	No.	800,674	738,324	+ 8.4
Gross Revenue C.N.R. (Can. Lines)	\$	50,103,000	44,755,000	+ 11.9
Gross Revenue C.P.R.	\$	43,539,000	39,723,000	+ 9.6
<u>Employment - 5 months' average, unadjusted.</u>				
General Index, 1926=100		104.0	98.7	+ 5.4
Manufacturing		108.0	99.7	+ 8.3
Logging		189.2	138.9	+ 36.2
Mining		146.5	128.8	+ 13.7
Construction		59.3	75.7	-21.7
Building		37.5	53.9	-30.4
Highway		84.1	115.4	-27.1
Trade		129.5	125.0	+ 3.6
<u>Banking - Four Months' Average</u>				
Notes and Demand Deposits	\$	2,255,533,800	2,096,286,800	+ 7.6
Readily Available Assets	\$	1,611,487,900	1,490,839,700	+ 8.1
Current Loans	\$	695,923,700	739,038,100	-5.8
Call Loans - Canada	\$	120,928,200	79,026,500	+ 53.0
Elsewhere	\$	72,153,900	64,251,100	+ 12.3
Security Holdings	\$	1,425,132,200	1,275,378,000	+ 11.7

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BUSINESS CONDITIONS IN CANADA

during the first five months 1937

compared with the

same period of 1936

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Minister of Trade and Commerce.

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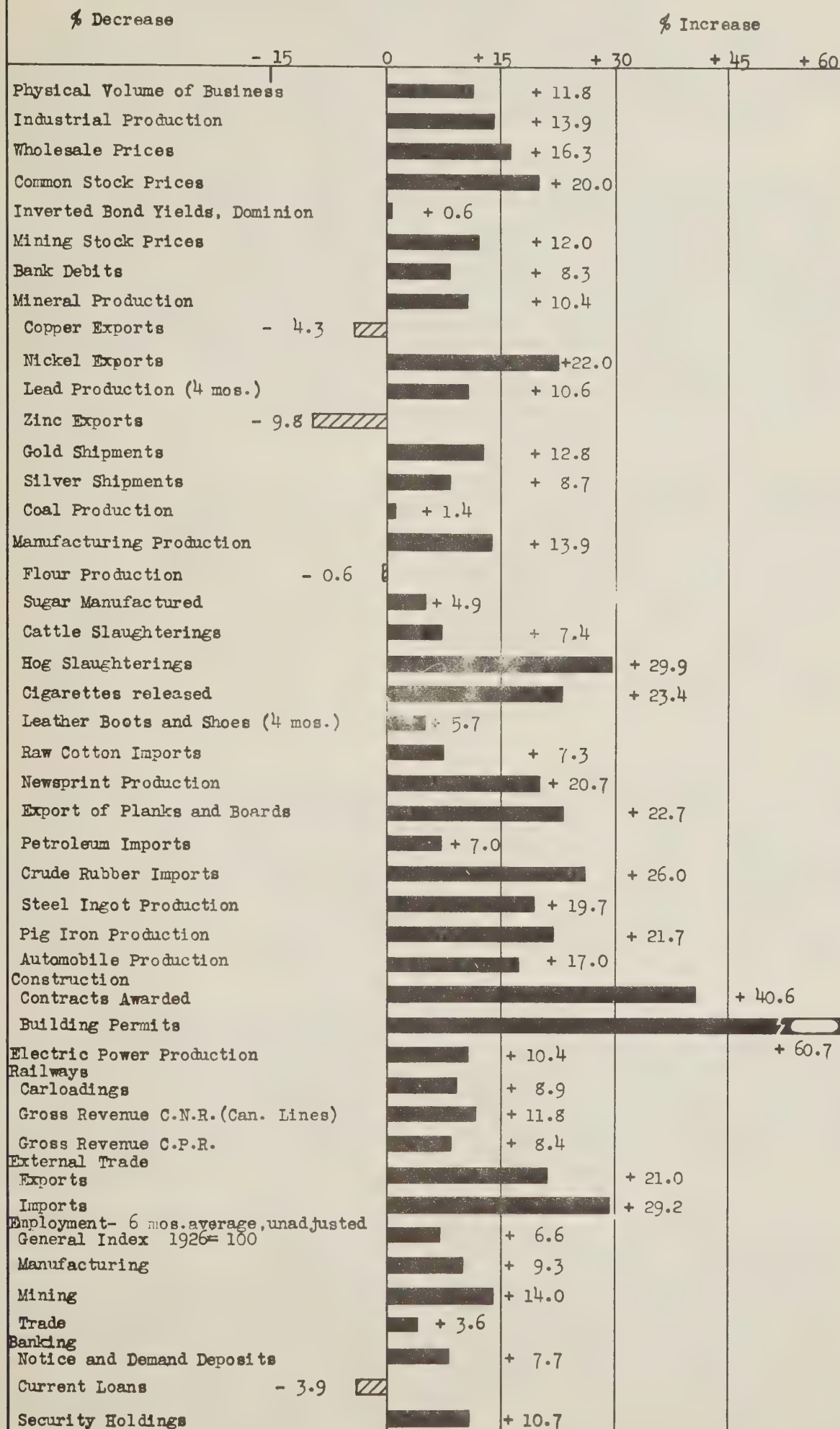
1937

Price \$1 a year

The Economic Situation in Canada

in the First Five Months of 1937

as compared with the same period of 1936.



Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
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BUSINESS CONDITIONS IN CANADA DURING THE FIRST FIVE MONTHS OF 1937
COMPARED WITH THE SAME PERIOD OF LAST YEAR.

Measured by the records recently made available, economic recovery in Canada characterized the first five months of 1937. The betterment of 1936 was unmistakably extended in the period under review. Most of the major factors advanced in the present year to new high levels since the minima were reached during the worst phases of the depression in 1932 and the first quarter of 1933.

The trend of business operations is the most significant factor considered in this connection, reflecting the actual volume of production in a wide variety of industries. The business index expressed as a percentage of the base year of 1926 averaged 119.3 in the first five months of 1937, compared with 106.7 in the same period of the preceding year. The gain of 11.8 p.c. represents a satisfactory advance over the levels of 1936, especially in view of the considerable betterment which took place in the latter year over the low point of the depression. Notwithstanding the rapidity of the gain in 1936, the trend continued upward during the elapsed portion of the present year, the increases in the index after the smoothing adjustment being practically continuous from month to month. The level has recently been more than 20 p.c. above the base year of 1926, chosen as being the best representative of average conditions in the post-war period.

Wholesale prices, following thirty months of relative steadiness, began a marked advance at about this time of last year. The advance continued sharply during the first quarter showing the highest level in the early part of April. Speculative commodities which had made the most spectacular gains recorded reaction in the second quarter, but the readjustment in the general level was relatively slight having regard to the precipitous nature of the gain during the preceding nine months. As raw materials advanced to a much greater extent than manufactured goods, predepression relationships were practically restored. This readjustment paved the way for a more normal interchange of goods between primary and secondary producers which should be accompanied by an increase in the aggregate real income of the Dominion. The general index of wholesale prices averaged 16 p.c. higher in the first five months of 1937, the increase in the index having been from 72.4 to 84.2

The high-grade bond market was particularly strong during 1936 and the present year commenced with the prices of Dominion bonds not far from the highest levels since such issues first became a factor in the domestic market. A steady decline occurred during the first quarter. After a month of consolidation, a rally occurred in May and prices have been well maintained to the present time. The index of capitalized bond yields for the present year has been, since March, at a lower level than for the same period of 1936. The average index for the first five months of 1937, however, was slightly greater than for the same period of last year. Short-term treasury notes remain at a high price, a recent issue having been sold at a cost basis of .643 p.c.

Common stock prices followed, during the elapsed portion of the present year, somewhat the same pattern as in 1936, but the fluctuations were of greater proportions. An intermediate advance commenced in August 1936, and continued until about the middle of March last. The upward movement was supported by similar tendencies in various economic functions including wholesale prices and business operations. The decline in general stock prices during April was relatively severe and the level was not greatly altered during May and June. The index of common stock prices on the base of 1926 was 139 against 116 during the first five months of 1936, an average gain of twenty per cent.

The expansion in productive operations was due in large measure to the acceleration in external trade. The export trade of the Dominion recorded a gain of 21 p.c. over the preceding year, several exceptional causes contributing to this result. One factor was the continuance of the economic recovery in most of the principal countries for which information is available. With facilities for the production of mineral and other natural products on a large scale, Canada is in a position to share fully in the revival of international trade. During the elapsed portion of the present year, a marked advance took place in business operations, the standing in April being more favorable than at any time since October 1929. The business index is based on 46 factors relating to the trend in mineral production, manufacturing, construction, electric power and distribution. The factors are individually adjusted for seasonal tendencies and expressed as a percentage of the monthly average for the base year of

1926. The markedly higher level of this index during the present year indicates the extent of the acceleration in business and productive operations.

Mineral Production

The index of mineral production averaged 10.4 p.c. higher in the last five months than in the same period of 1936. Zinc exports showed a decline of 9.8 p.c. while nickel exports were up 22 p.c. Gold shipments from Canadian mines recorded a gain of 12.8 p.c., while silver marketings were up 8.7 p.c. The output of coal was 5,930,000 tons in the first five months of 1937, a gain of 1.4 p.c.

Manufacturing

The increase in the index of manufacturing production over the first five months of 1936 was about 14 p.c. The output of newsprint at 1,472,000 tons showed a gain of 20.7 p.c. External demand for Canadian lumber showed marked gain, the advance in the export of planks and boards having been nearly 23 p.c.

The primary iron and steel industry reflecting the revival in the domestic demand for industrial equipment and durable goods, showed further gain over the levels of the first five months of 1936. The output of pig iron recorded a gain of 22 p.c., while the production of steel ingots was 20 p.c. greater.

The automobile industry participated fully in the recovery of the last four years, the increase over the first five months of 1936 being 17 p.c. Production amounted to 104,730 cars and trucks compared with 89,548 in the same period of last year. The gain in the imports of crude petroleum was 7.0 p.c., the total in the first five months of 1937 being 346.6 million gallons. The imports of crude rubber used in part for the manufacture of automobile tires recorded a gain of 26 p.c. in the same comparison.

Construction

The new business obtained by the construction industry showed a considerable percentage gain over the preceding year but the level remained low relative to that of the prosperous period culminating in 1929. The gain in contract awards to \$80 million compared with \$57 million amounted to 40.6 p.c., while building permits in 58 cities increased 60.7 p.c.

Electric Power

The production of electric power showed gains not only over last year but also over any other year in the history of the industry. Total output in the first five months of 1937 was 11,501 million kilowatt hours compared with 10,414 million in the same period of last year. The gain of 10.4 p.c. represents a considerable expansion due to greater industrial and domestic demand. The output in the first five months of 1935, the high point before last year was 9,564 million kilowatt hours, the gain in the reported production of the present year over this total being 20.3 p.c.

Railways

Carloadings in the first five months of 1937 numbered 1,011,000 compared with 928,000 in the same period of 1936, the gain being 7 p.c. The gross operating revenue of the Canadian National Railway and the Canadian Pacific Railway recorded gains of 11.8 p.c. and 8.4 p.c., respectively. During the period under review, the revenue of the Canadian National on Canadian lines was \$63.9 million compared with \$57.2 million. The gross operating revenue of the Canadian Pacific was \$55.3 million compared with \$51.1 million.

Employment

The index of employment in manufacturing operations, being unaffected to any important extent by unemployment relief, is significant of the trend of business. The recall of employees by manufacturing concerns continued, the level of employment in the group showing further gain until June 1. The level of the last month was higher than at any other time since February 1930. The average index for the first six months of 1937, was 109.6, against 100.3 in the same period of last year, a gain of 9.3 p.c.

Statistics Illustrating the Economic Situation of Canada in Five Months of
1937, Compared with the Same Period of 1936.

		Five Months		Increase +
		1937	1936	Decrease -
		Per Cent		
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	119.3	106.7	+ 11.8
Index of Industrial Production	1926=100	122.9	107.9	+ 13.9
Wholesale Prices	1926=100	84.2	72.4	+ 16.3
Index of Common Stock Prices	1926=100	139.1	115.9	+ 20.0
Inverted Bond Yields, Dominion	1926=100	143.2	142.3	+ 0.6
Mining Stock Prices	1926=100	164.1	146.5	+ 12.0
Bank Debits	\$000	15,294,091	14,111,283	+ 8.3
<u>Production and General Business</u>				
Mineral Production, 1926=100		172.9	156.6	+ 10.4
Copper Exports	Lbs.	151,752,400	158,621,400	- 4.3
Nickel Exports	Lbs.	90,034,600	73,766,300	+ 22.0
Lead Production (4 mos.)	Lbs.	132,979,502	120,220,331	+ 10.6
Zinc Exports	Lbs.	105,986,600	117,490,800	- 9.8
Gold Shipments	Fine Ozs.	1,629,320	1,444,352	+ 12.8
Silver Shipments	Fine Ozs.	7,310,325	6,726,684	+ 8.7
Coal Production	Tons	5,930,386	5,847,769	+ 1.4
Manufacturing Production 1926=100		119.4	104.8	+ 13.9
Flour Production (4 mos.)	Bbls.	4,158,432	4,182,210	- 0.6
Sugar manufactured	Lbs.	209,735,216	199,930,805	+ 4.9
Cattle Slaughtering	No.	612,111	569,896	+ 7.4
Hog Slaughtering	No.	1,728,089	1,329,920	+ 29.9
Cigarettes released	No.	2,427,117,889	1,966,408,543	+ 23.4
Cigars released	No.	43,224,339	40,336,872	+ 7.2
Leather Boots and Shoes (4 mos.)	Prs.	7,472,280	7,071,029	+ 5.7
Raw Cotton Imports	Lbs.	66,728,359	62,204,033	+ 7.3
Paper and Lumber -				
Newsprint Production	Tons	1,471,912	1,219,212	+ 20.7
Exports of Planks and Boards	Ft.	680,443,000	554,498,000	+ 22.7
Iron and Steel -				
Steel Ingot Production	Long Tons	594,433	496,504	+ 19.7
Pig Iron Production	Long Tons	345,666	283,973	+ 21.7
<u>Automobile and Allied Industries -</u>				
Automobile Production	No.	104,730	89,548	+ 17.0
Petroleum Imports	Gals.	346,594,657	323,829,723	+ 7.0
Crude Rubber Imports	Lbs.	24,742,769	19,637,197	+ 26.0
<u>Construction -</u>				
Contracts Awarded	\$	80,006,200	56,905,100	+ 40.6
Building Permits	\$	21,967,654	13,666,195	+ 60.7
Electric Power Production	000 K.W.H.	11,500,794	10,414,106	+ 10.4
<u>External Trade -</u>				
Exports	\$	416,950,132	344,603,615	+ 21.0
Imports	\$	305,147,005	236,206,611	+ 29.2
Excess of exports over imports	\$	111,803,127	108,397,004	+ 3.1
<u>Railways -</u>				
Carloadings	No.	1,011,103	923,392	+ 8.9
Gross Revenue C.N.R. (Can. Lines)	\$	63,916,000	57,150,000	+ 11.8
Gross Revenue C.P.R.	\$	55,339,000	51,068,000	+ 8.4
<u>Employment - 6 months' average, unadjusted</u>				
General Index, 1926=100		105.7	99.2	+ 6.6
Manufacturing		109.6	100.3	+ 9.3
Logging		168.0	131.5	+ 27.8
Mining		147.4	129.3	+ 14.0
Construction		66.9	77.6	- 13.8
Building		41.0	53.6	- 23.5
Highway		100.1	117.8	- 15.0
Trade		129.8	125.3	+ 3.6
<u>Banking - five Months' Average</u>				
Notice and Demand Deposits	\$	2,259,033,600	2,098,072,200	+ 7.7
Readily Available Assets	\$	1,606,273,900	1,494,574,990	+ 7.5
Current Loans	\$	702,314,960	731,185,300	- 3.9
Call Loans - Canada	\$	120,132,646	80,654,790	+ 48.9
Elsewhere	\$	73,119,032	63,065,470	+ 15.9
Security Holdings	\$	1,427,702,940	1,289,340,820	+ 10.7

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DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

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during the first eleven months of 1937

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same period of 1936

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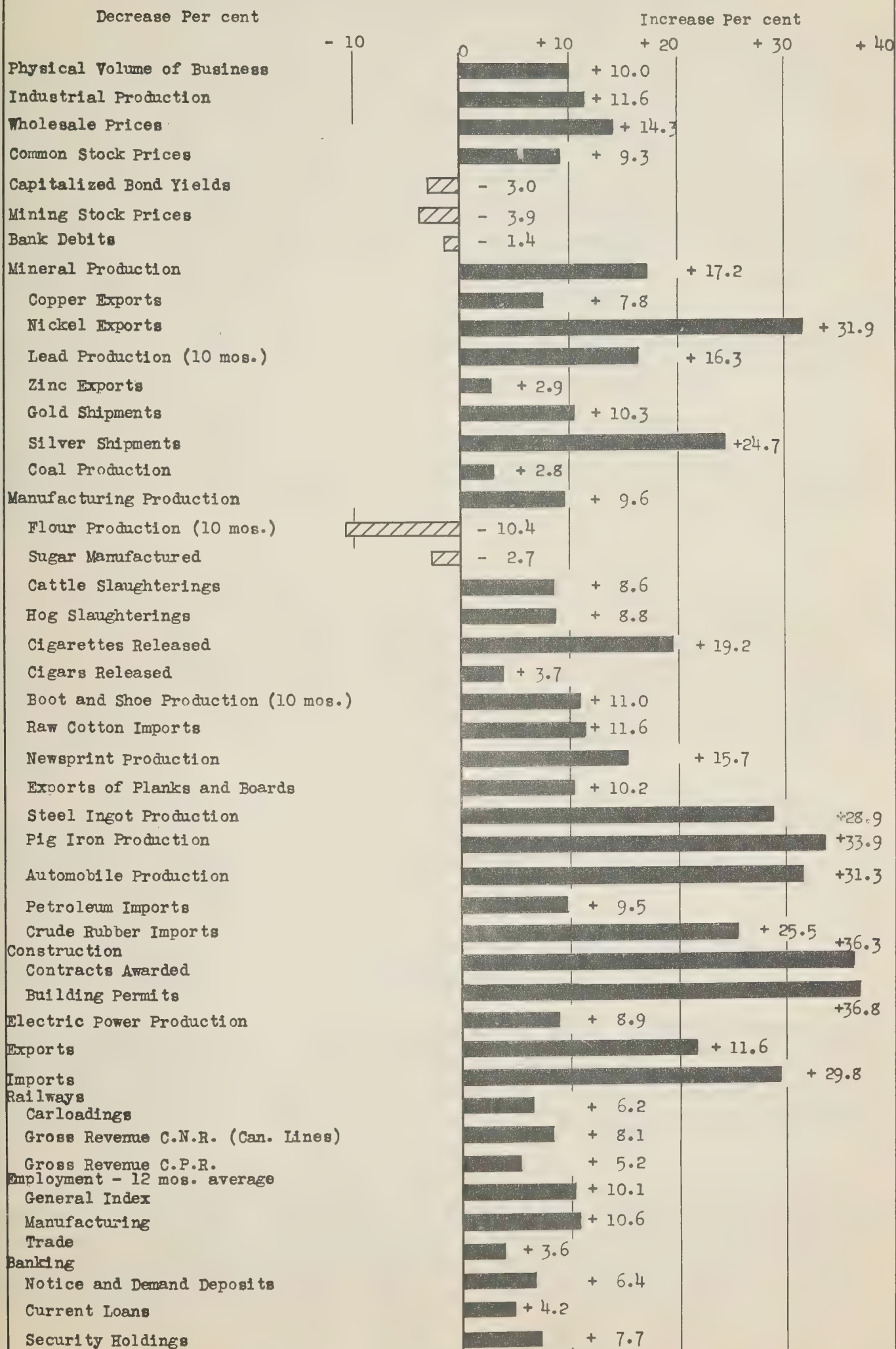
* * *
OTTAWA

1938

The Economic Situation in Canada

in Eleven Months of 1937

as compared with the same period of 1936.



Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Sydney B. Smith, M.A.

BUSINESS CONDITIONS IN CANADA DURING THE FIRST ELEVEN MONTHS
OF 1937 COMPARED WITH THE SAME PERIOD OF LAST YEAR

The economic situation of Canada during the first half of the year just ended showed unmistakable improvement over 1936. Despite deflation in speculative factors toward the close of the year, 1937 will rank high in the records of Canadian economic activity. Productive operations as measured by the index of the physical volume of business were 10 per cent greater than in the first eleven months of 1936.

Mineral production was much greater than in 1936 which up to that time was a record year. The production of gold, silver, copper, lead and nickel all showed gains. The industry employed more men, paid more in salaries and wages and dividends, spent more for supplies and equipment and used more electric power than in any previous year. Canada supplied 90 per cent of the world requirements of nickel, 53 per cent of the asbestos requirements, 11 per cent of copper and lead and 10 per cent of zinc.

Operations in the forestry group were greatly expanded in the year just ended. The production of newsprint reached a new high point in history, having been not far from the practical limit of capacity. Production in the first eleven months was 3.3 million tons, a gain of nearly 16 per cent over the same period of 1936.

Timber scaled in British Columbia, a good guide to sawmill operations was 2,539 billion board feet in the first ten months, a gain of 9.3 per cent over the preceding year. The forestry industry is one of the largest employers of labour and it is gratifying to know that working forces in logging recorded a gain of 36.5 per cent, while sawmilling and paper industries recorded advances of 11 per cent and 35 per cent respectively.

Manufacturing operations gathered momentum during the year, the output having been practically equivalent to that of 1929. The gain over the preceding year was 9.6 per cent indicating the extensive nature of the recovery. Employment in manufacturing plants recorded decided improvement during 1937, the returns from the principal firms registering an average gain of 10.6 per cent over the preceding year. The iron and steel industries reflecting revival in the domestic demand for industrial equipment and durable goods showed further gains over the first eleven months of 1936. The output of steel ingots recorded a gain of 29 per cent, while the increase in pig iron was 34 per cent. The recovery of the steel industry from the low levels of the early part of 1933 was one of the striking features of the last five years.

The automobile and allied industries were favoured by the marked gain in purchasing power of the public during 1937. The output of motor cars in the first eleven months at 186,348 recorded a gain of 31 per cent. The imports of crude rubber used largely in the manufacture of automobile tires at 75 million pounds showed an increase of 26 per cent. The imports of crude petroleum were 9.5 per cent greater while the domestic production was tripled in 1937.

New business obtained by the construction industry was more than 36 per cent greater than in the preceding year. Contracts awarded were valued at \$213 million in the first eleven months, while permits were \$52 million.

The use of hydro-electric power has grown rapidly in Canada playing a prominent part in the industrial development. The year 1937 recorded a maximum of production, the output showing a gain of nearly 9 per cent over the preceding year. The firm power made available in Canada for ordinary use computed by deducting the sum of exports to the United States and the amount supplied for use in electric boilers was 16.8 billion k.w.h., a gain of 9 per cent over the 15.4 billion made available in the same period of 1936.

The substantial gain in external trade was one of the chief constructive developments of the year. Total exports of merchandise were \$1,036 million in the first eleven months against \$928 million last year, an increase of 11.6 per cent. A gain of 29.8 per cent was shown in imports, the total in the eleven months having been \$756 million. Owing to the high level of exports, the balance of trade was very largely in Canada's favour.

Owing to the marked degree of mutual dependence existing between industry and the railways, the operating and financial records of the latter present a measure of industrial activity. Railway traffic showed a modest increase of 6.2 per cent over the preceding year. Eight of the eleven commodity groups in the traffic classification showed increases in this comparison. The moderate gain in railway traffic had its counterpart in the gross operating revenues of the two principal systems. The figures for the first eleven months indicate a gain of 8.1 per cent for the internal lines of the Canadian National and of 5.2 per cent for the Canadian Pacific.

In industries other than agriculture, during the last quarter of 1937, there were more people at work in Canada than at any other time during the period of observation from 1921 to the present except for two or three months of 1929. It will be recalled that employment after declining almost continuously from the midsummer of 1929 until the second quarter of 1933 has shown an upward trend of marked proportions. The improvement has been widely distributed both geographically and industrially but not so pronounced in the Prairie Provinces as elsewhere. Concurrent with the improvement in general employment, there have been marked reductions in unemployment in Nova Scotia, Quebec, Ontario and British Columbia.

Despite the bright picture presented by the records of production, external trade and employment, the reaction in speculative factors during 1937 should not be overlooked when appraising business prospects for the new year. High-grade bond prices declined steadily during the first quarter of the year from the high level reached at the end of 1936. A part of the decline was erased in later months.

The reaction in common stock prices commenced in the second quarter and marked deflation occurred after the middle of August. The standing at the end of 1937 was about 20 per cent below that of one year ago. Commodity prices maintained a lead in 1937 over the same months of the preceding year, but marked declines in a wide variety of speculative commodities developed in the last half of the year. The monthly average of the index was 14.3 per cent higher than in 1936 but the gap was narrowed as the end of the year approached.

Statistics Illustrating the Economic Situation of Canada in Eleven Months of 1937,
Compared with the Same Period of 1936.

Item	Unit or base period	First Eleven Months of 1936	1937	Increase + Decrease -
				Per cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	111.7	122.9	+ 10.0
Index of Industrial Production	1926=100	113.8	127.0	+ 11.6
Wholesale Prices	1926=100	74.1	84.7	+ 14.3
Index of Common Stock Prices	1926=100	118.2	129.2	+ 9.3
Capitalized Bond Yields, Dominion	1926=100	148.7	144.3	- 3.0
Mining Stock Prices	1926=100	153.4	147.4	- 3.9
Bank Debits	\$000	32,524,015	32,084,646	- 1.4
<u>Production and General Business</u>				
Mineral Production	1926=100	162.3	190.2	+ 17.2
Copper Exports	Lbs.	368,069,200	396,881,900	+ 7.8
Nickel Exports	Lbs.	157,593,600	207,840,900	+ 31.9
Lead Production (10 mos.)	Lbs.	304,491,458	353,997,620	+ 16.3
Zinc Exports	Lbs.	301,218,000	309,827,000	+ 2.9
Gold Shipments	Fine Ozs.	3,378,594	3,727,065	+ 10.3
Silver Shipments	Fine Ozs.	15,726,583	19,617,609	+ 24.7
Coal Production	Tons	13,732,101	14,110,064	+ 2.8
Manufacturing Production	1926=100	112.8	123.6	+ 9.6
Flour Production (10 mos.)	Bbls.	12,407,213	11,116,478	- 10.4
Sugar manufactured	Lbs.	959,927,834	934,431,186	- 2.7
Cattle Slaughtering	No.	1,410,691	1,531,567	+ 8.6
Hog Slaughtering	No.	3,150,223	3,426,895	+ 8.8
Cigarettes released	No.	5,165,028,191	6,158,283,964	+ 19.2
Cigars released	No.	112,654,828	116,876,694	+ 3.7
Leather Boots and Shoes (10 mos.)	Prs.	16,481,929	18,296,330	+ 11.0
Raw Cotton Imports	Lbs.	129,445,570	144,468,747	+ 11.6
Paper and Lumber -				
Newsprint Production	Tons	2,890,602	3,345,206	+ 15.7
Exports of Planks and Boards	Ft.	1,565,756,000	1,725,058,000	+ 10.2
Iron and Steel -				
Steel Ingot Production	Long Tons	1,010,598	1,302,677	+ 28.9
Pig Iron Production	Long Tons	610,173	816,823	+ 33.9
Automobile and Allied Industries -				
Automobile Production	No.	141,911	186,348	+ 31.3
Petroleum Imports	Gals.	1,184,093,530	1,297,020,141	+ 9.5
Crude Rubber Imports	Lbs.	59,748,656	74,969,679	+ 25.5
Construction -				
Contracts Awarded	\$	156,469,200	213,293,100	+ 36.3
Building Permits	\$	38,043,527	52,042,087	+ 36.8
Electric Power Production	000 K.W.H.	23,068,559	25,116,920	+ 8.9
External Trade -				
Exports	\$	928,495,289	1,036,006,513	+ 11.6
Imports	\$	582,194,350	755,799,854	+ 29.8
Excess of exports over imports	\$	346,300,939	280,206,659	- 19.1
Railways -				
Carloadings	No.	2,288,690	2,431,172	+ 6.2
Gross Revenue C.N.R. (Can. Lines)	\$	140,112,000	151,406,000	+ 8.1
Gross Revenue C.P.R.	\$	126,318,000	132,938,000	+ 5.2
<u>Employment 12 months' average, unadjusted</u>				
General Index	1926=100	103.6	114.1	+ 10.1
Manufacturing		103.4	114.4	+ 10.6
Logging		138.7	189.3	+ 36.5
Mining		136.5	153.2	+ 12.2
Construction		88.2	99.5	+ 12.8
Building		55.3	60.1	+ 8.7
Highway		135.5	174.3	+ 28.6
Trade		127.5	132.1	+ 3.6
<u>Banking - 11 Months' Average</u>				
Notice and Demand Deposits	\$	2,128,049,161	2,263,425,159	+ 6.4
Readily Available Assets	\$	1,518,451,530	1,581,340,166	+ 4.1
Current Loans	\$	700,802,311	730,100,356	+ 4.2
Call Loans - Canada	\$	91,614,590	110,315,890	+ 20.4
Elsewhere	\$	63,375,732	68,438,545	+ 8.0
Security Holdings	\$	1,326,005,169	1,427,728,622	+ 7.7

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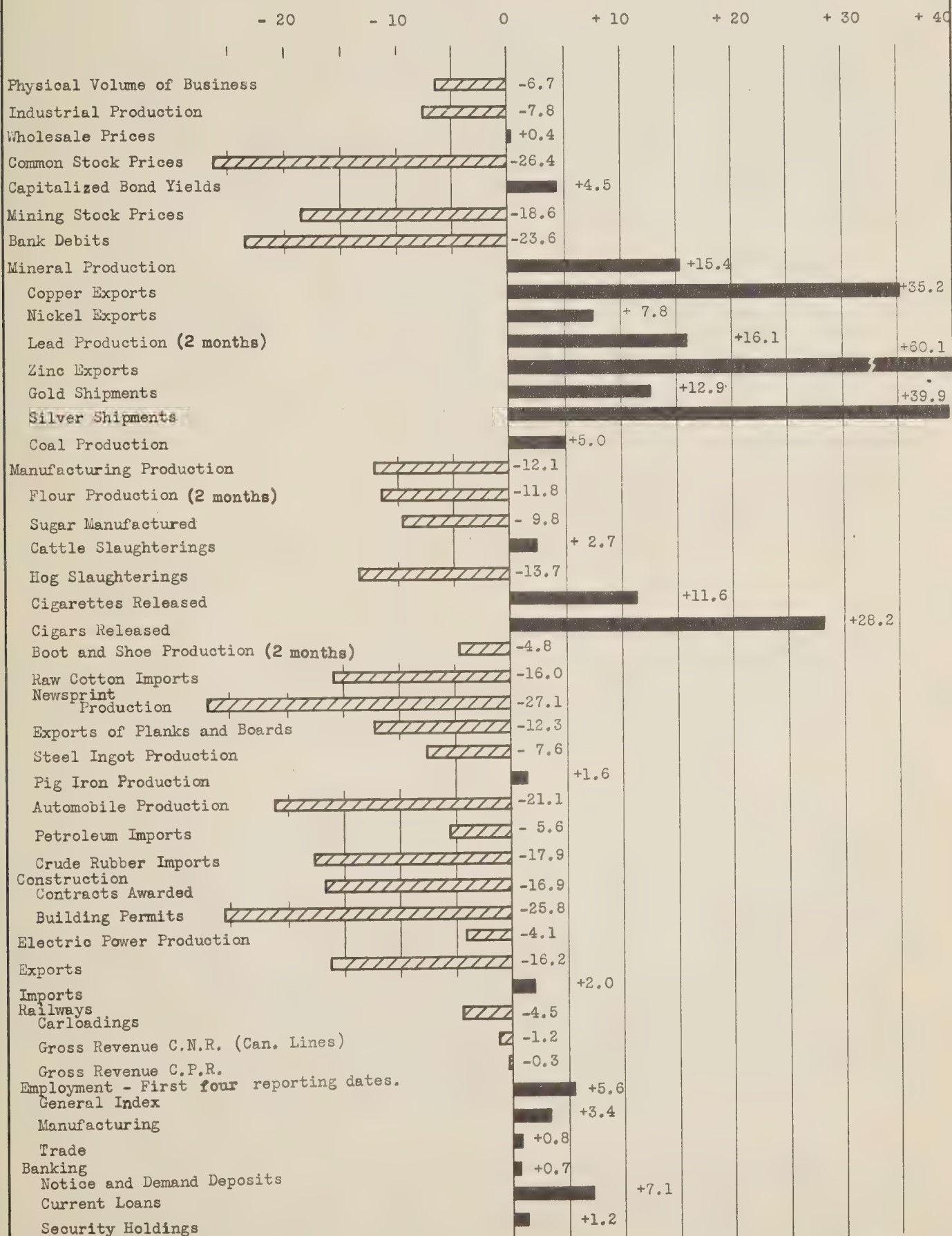
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in the first quarter of 1938,
as compared with the same period of 1937.



Dominion Statistician:
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R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
 Sydney B. Smith, LL.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST QUARTER
 OF 1938 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR.

The major factors reflecting economic conditions in Canada showed moderate decline during the first quarter of the present year. Owing mainly to the sharp reaction during the last quarter of 1937, the significant economic factors recently averaged considerably lower than in the first three months of that year. Common stock prices have now shown a declining trend for more than twelve months. The lowest point was reached about the end of March and a rally in the early weeks of April counter-balanced a part of the recession. The index of common stocks is now about 21 per cent below the same period of 1937. The index averaged 104.7 in the first quarter against 142.3 in the same period of last year, a decline of 26.4 per cent. Owing partly to strength in grain prices, the index of wholesale prices remained remarkably steady during the first 14 weeks of the present year. In the last week or two, a declining trend has developed and the index in the last week was 4 per cent below the same period of 1937. During the first quarter of last year, a considerable advance occurred and a deficit from last year has been shown for the past seven or eight weeks. The monthly average during the first quarter was 83.5 against 85.2 in the same period of the preceding year, a gain of 0.4 per cent.

Despite the decline in business operations and in speculative prices, an impressive showing was made in financial factors. Following the sharp reaction during the first quarter of 1937, an advancing trend has been shown in high-grade bond prices. The level in March was higher than at any time since January of last year. From a longer viewpoint, the current standing is high relative to all years of the present century with the exception of a short period about the end of 1936. The index of capitalized bond yields based on Dominion issues was 152.8 against 146.2 in the first quarter of 1937, a gain of $4\frac{1}{2}$ per cent. Banking operations were also favourable resulting in a strong liquid position and easy credit conditions. The sum of notice and demand deposits averaged slightly higher in the first three months of this year than in 1937. While current loans have recorded a larger percentage gain, a slight increase was also shown in the security holdings, which reached during last quarter the high level of \$1,437.5 million. Current loans averaged \$740.3 million against \$691 million last year, a gain of more than 7 per cent.

Productive Operations.

The advancing trend in business operations culminated in November last. Declines were shown from December to February with a slight rebound in March. The net result was that the index of the physical volume of business averaged 109.1 in the period under review against 116.9 in the first quarter of 1937, a decline of 6.7 per cent. Mineral production recorded a further gain in this comparison while manufacturing, construction, electric power and distribution reached lower territory.

Mineral Production.

Each of the seven factors indicating the trend of mineral production recorded an increase in the first quarter of 1938 over the same period of last year. The index of mineral production rose from 162.7 to 187.8, a gain of 15.4 per cent. A marked gain was recorded in the exports of zinc which rose from 58.9 million pounds to 94.3 million. Copper exports were particularly heavy, showing a gain of 35.2 per cent over the high level of the first quarter of last year. Nickel exports rose 7.8 per cent to 59.4 million pounds. The gain in lead production during the first two months over the same period of last year was 16 per cent. Gold shipments have shown a steady improvement, the total during the first quarter of 1938 having been 1,099,000 fine ounces. The receipts at the Mint and consignments to external points rose in March to a new high point in history. The gain in the first three months over the same period of 1937 was no less than 12.9 per cent. The increase in silver shipments was nearly 40 per cent, the total during the elapsed portion of the present year having been 6.5 million ounces. Coal production rose 5 per cent to more than 4.1 million tons.

Manufacturing Production.

The movement of factors showing the trend of manufacturing was uneven in the first quarter of the present year. The index of manufacturing production receded from 118.2 in the first quarter of 1937 to 103.9 in the period under review. Declines were shown in flour production and in the manufacture of sugar. Cattle slaughterings recorded a gain of 2.7 per cent while hog slaughterings declined 13.7 per cent. The

release of cigarettes was up 11.6 per cent and cigars showed a gain of 28 per cent. The imports of raw cotton were 16 per cent less amounting to 35.9 million pounds in the first quarter. The forestry industry was very much less active in the first three months of this year. Newsprint production dropped 27 per cent while the export of planks and boards was down 12.3 per cent. The primary iron and steel industry continued active, although the production of steel ingots receded 7.6 per cent. Pig iron production, on the other hand, was 1.6 per cent greater, the total output having been 202,537 tons. The decline in purchasing power was reflected in the operations of the automobile industry. Production during the first quarter was 50,492 units against nearly 64,000 in the same period of 1937. Crude petroleum imports indicating conditions in the oil industry showed a recession of 5.6 per cent. The imports of crude rubber used mainly in the manufacture of automobile tires declined nearly 18 per cent.

Construction.

The new business obtained by the construction industry during the first quarter of 1938 was at a considerably lower point than in the same period of 1937. Contracts awarded at \$26.1 million showed a decline of nearly 17 per cent. The decline in building permits was of even greater dimensions, the total having been \$7.8 million against \$10.5 million in the first quarter of 1937. Permits issued in Windsor and vicinity were particularly large one year ago, mainly accounting for the deficit.

Electric Power.

The output of central electric stations was less in the first quarter of 1938 than in the same period of last year, the total having been 6,591 million kilowatt hours against 6,877 million. Deliveries to electric boilers, however, showed an even greater decline from 2,079 million kilowatt hours to 1,609 million. A considerable recession was also shown in the exports to the United States which amounted to 424.7 million k.w.h. against 445.7 million. The output less exports and deliveries to electric boilers consequently showed an increase in the period under review, the total having been 4,562 million k.w.h. against 4,352 million in the same months of last year, an increase of nearly 5 per cent. The reduction in the output was mainly due to inactivity in the newsprint industry which normally takes about 2/3 of the secondary power delivered by central electric stations for electric boilers and around 25 to 30 per cent of the firm power.

Trade.

In the first quarter of the present year, Canada's imports rose 2 per cent, the total having been \$161.7 million against \$158.5 million in the first quarter of 1937. Exports on the other hand showed a decline of slightly more than 16 per cent. The total in the period under review was \$208.3 million against \$248.5 million one year ago. The decline was due in part to a slackening in demand reflecting economic deterioration in external markets and to the low level of exportable surplus of grain products resulting from the subnormal crop of last year. The excess of exports over imports in the first three months was \$46.6 million. Owing to the decline in exports and the increase in imports, the excess was much greater last year amounting to \$89.98 million.

While carloadings showed a decline of 4 1/2 per cent from the first quarter of 1937, the recession in operating revenues of the two main railways was of slight proportions. The revenue on the Canadian lines of the Canadian National Railway during the first two months of the year was \$22.8 million against \$23.0 million one year ago, while the revenue of the Canadian Pacific Railway declined from \$19.92 million to \$19.86 million. The recession in the operating revenues of the two companies was limited to 1.2 per cent and 0.3 per cent, respectively.

Employment.

A considerably higher level of employment was recorded in the elapsed portion of 1938 than in the same period of the preceding year. The gain in employment in manufacturing plants, unaffected to any important extent by relief measures was 3.4 per cent. The index obtained by averaging the first four reporting dates was 110.1 against 106.5 for the same period of 1937. The general index rose from 103.4 to 109.2, a gain of 5.6 per cent. Logging and mining were more active in this respect showing gains of 16 per cent and 5 per cent, respectively. The various phases of construction recorded acceleration, marked gains being shown in the indexes. The composite for trade moved up one point to 130.7.

Statistics illustrating the Economic Situation of Canada in the First Quarter of 1938, Compared with the same period of 1937.

Item	Unit or base period	First Quarter 1938	First Quarter 1937	Increase + Decrease -
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	109.1	116.9	- 6.7
Index of Industrial Production	1926=100	110.4	119.8	- 7.8
Wholesale Prices	1926=100	83.5	83.2	+ 0.4
Index of Common Stock Prices	1926=100	104.7	142.3	- 26.4
Capitalized Bond Yields, Dominion	1926=100	152.8	146.2	+ 4.5
Mining Stock Prices	1926=100	142.2	174.8	- 18.6
Bank Debits	\$000	6,991,253	9,149,126	- 23.6
<u>Production and General Business</u>				
Mineral Production	1926=100	187.8	162.7	+ 15.4
Copper Exports	Lb.s	126,403,000	93,478,800	+ 35.2
Nickel Exports	Lbs.	59,447,000	55,129,100	+ 7.8
Lead Production (First 2 mos.)	Lbs.	72,698,788	62,617,050	+ 16.1
Zinc Exports	Lbs.	94,307,000	58,910,800	+ 60.1
Gold Shipments	Fine Ozs.	1,099,095	973,584	+ 12.9
Silver Shipments	Fine Ozs.	6,469,977	4,626,242	+ 39.9
Coal Production	Tons	4,057,944	3,860,554	+ 5.0
Manufacturing Production	1926=100	103.9	118.2	- 12.1
Flour Production (Two months)	Bbls.	1,770,513	2,008,324	- 11.8
Sugar Manufactured	Lbs.	65,953,418	73,120,396	- 9.8
Cattle Slaughtering	No.	322,201	313,614	+ 2.7
Hog Slaughtering	No.	900,424	1,043,656	- 13.7
Cigarettes released	No.	1,451,823,075	1,301,048,427	+ 11.6
Cigars released	No.	29,271,882	22,830,783	+ 28.2
Leather Boots and Shoes (Two months)	Prs.	3,057,741	3,212,465	- 4.8
Raw Cotton Imports	Lbs.	35,939,755	42,770,417	- 16.0
Paper and Lumber -				
Newsprint Production	Tons	629,705	864,333	- 27.1
Exports of Planks and Boards	Ft.	373,980,000	426,606,000	- 12.3
Iron and Steel -				
Steel Ingot Production	Long Tons	325,409	352,164	- 7.6
Pig Iron Production	Long Tons	202,537	199,381	+ 1.6
Automobile and Allied Industries -				
Automobile Production	No.	50,492	63,991	- 21.1
Petroleum Imports	Gals.	148,641,181	157,542,315	- 5.6
Crude Rubber Imports	Lbs.	10,141,880	12,354,403	- 17.9
Construction -				
Contracts Awarded	\$	26,109,400	31,409,100	- 16.9
Building Permits	\$	7,764,625	10,470,129	- 25.8
Electric Power Production	000 K.W.H.	6,594,782	6,876,742	- 4.1
External Trade -				
Exports	\$	208,324,475	248,466,000	- 16.2
Imports	\$	161,706,904	158,484,000	+ 2.0
Excess of exports over imports	\$	46,617,571	89,982,000	- 48.2
Railways -				
Carloadings	No.	566,579	593,056	- 4.5
Gross Revenue C.N.R. (Can. Lines) 2 mos.	\$	22,765,000	23,047,000	- 1.2
Gross Revenue C.P.R. 2 mos.	\$	19,864,000	19,921,000	- 0.3
<u>Employment - First Four Months</u>				
General Index	1926=100	109.2	103.4	+ 5.6
Manufacturing		110.1	106.5	+ 3.4
Logging		235.5	203.1	+ 16.0
Mining		153.7	146.3	+ 5.1
Construction		74.1	56.2	+ 31.9
Building		48.7	35.6	+ 36.8
Highway		115.9	78.5	+ 47.6
Trade		130.7	129.7	+ 0.8
<u>Banking - Average</u>				
Notice and Demand Deposits	\$	2,250,195,450	2,235,615,400	+ 0.7
Readily Available Assets	\$	1,574,299,710	1,616,937,900	- 2.6
Current Loans	\$	740,338,710	691,084,100	+ 7.1
Call Loans - Canada	\$	68,366,280	120,781,550	- 43.4
Elsewhere	\$	50,711,810	72,143,420	- 29.7
Security Holdings	\$	1,437,543,270	1,420,282,300	+ 1.2

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C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first eight months of 1938

compared with the

same period of 1937

Published by Authority of the HON. W.D. EULER, M.P.
Minister of Trade and Commerce.

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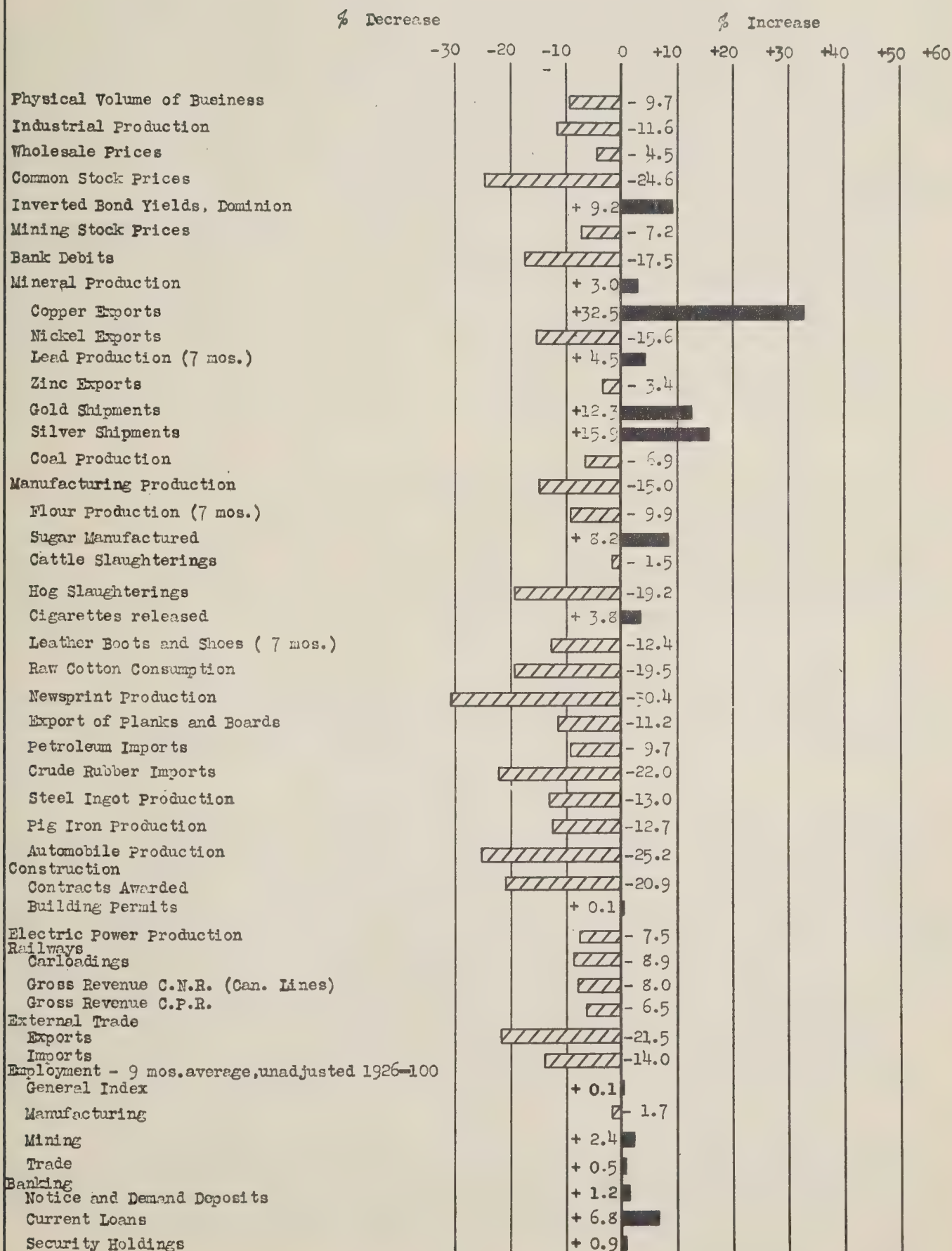
OTTAWA

1938

The Economic Situation in Canada

In the First 8 Months of 1938

as compared with the same period of 1937.



DOMINION BUREAU OF STATISTICS - CANADA

Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Sydney B. Smith, M.A.

Measured by an average of significant factors, economic conditions were well maintained month by month in Canada during the first eight months of 1938. Conditions were particularly favourable during the first quarter of 1937 and the levels of the present year have consequently been at a lower position. The persistent resistance to economic reaction during the elapsed portion of the current year presents a contrast with the record of 1937, when a downward trend was in evidence during the greater part of the year.

Business operations have been well maintained following the sharp reaction of the first quarter. The mining industry was active during the first eight months of 1938, the index based on volume factors showing an increase of 3 p.c. over the same period of 1937. General manufactures, however, recorded a considerable drop in this comparison. Most of the thirty factors on which the index was based recorded declines from the first eight months of 1937. The output of newsprint, for example, was 30 p.c. less than one year ago and the movement of lumber to external markets recorded a decline of 11 p.c. The primary iron and steel industry showed a decline in operations of about 13 p.c., the reaction being far less than for the same industry in the United States. The new business obtained by the construction industry was at a considerably lower level than last year, contracts awarded having shown a drop of 21 p.c. The demand for electric power was affected by the slackening in a number of industries, especially the paper group. The output of power showed a decline of 7.5 p.c. despite the marked upward secular trend. The principal indicators of the distribution group recorded decline with the exception of employment in wholesale and retail trade. The index for the latter averaged 131.3 against 130.6 in the same period of 1937. The decline in carloadings was nearly 9 p.c. while considerable decreases were shown in the value of external trade. The index of the physical volume of business averaged 109.8 in the first eight months of 1938 against 121.6 in the same period of last year. During the last five months the index has averaged slightly above the early part of 1936.

The reaction in wholesale prices was pronounced from the latter part of April to the present time. During the early weeks of the year a steady tendency was shown in the index of commodity prices, the heavy crops of the present season having an important influence in depressing the price level in recent months. The weekly index for the week of September 23 was $12\frac{1}{2}$ p.c. below the same week of 1937. The highest point of recent years was reached in July, 1937, and a downward trend has been recorded since that time. The index of wholesale prices averaged 81 during the first eight months of 1938 against 84.8 in the same period of 1937, a decline of $4\frac{1}{2}$ p.c.

Common stock prices have been fairly well maintained since the latter part of 1937. A marked decline was shown from March to October of last year. The net result is that common stock prices have averaged considerably below the first eight months of 1937. The index was 103 against 136.6 one year ago, a decline of 24.6 p.c. The recent unsettlement in Europe has resulted in marked fluctuations.

A strong financial background was in evidence during the first eight months of 1938. High-grade bond prices showed an upward trend following the first quarter of 1937. During the second quarter of this year a new high point was reached in post-war history. The index of capitalized bond yields, based on Dominion issues, averaged 157 during the first eight months of 1938 against 144 last year, a gain of 9.2 p.c. Bank deposits have been well maintained since the beginning of 1937. The depression low point was encountered in 1933. A marked advance commencing in the latter part of that year continued until the first part of 1937. The sum of the notice and demand deposits averaged 1.2 p.c. greater in the first eight months of 1938 than in the same period of 1937. The deposit liabilities of the chartered banks during the last twenty months have been at a new high level. The increase in current loans continued during the present year, averaging nearly 7 p.c. greater than in the same period of 1937. Security holdings have also shown a slight gain over the high level of last year while call loans, both in Canada and elsewhere, were at a much lower position.

Marked variation was shown among the factors indicating the trend of mineral production. A gain of $32\frac{1}{2}$ p.c. was shown in the exports of copper, which amounted to nearly 360 million pounds in the first eight months of the present year. Nickel exports, on the other hand, at 127 million pounds showed a decline of 15.6 p.c. A slight gain was

recorded in lead production during the first seven months while zinc exports showed a decline of 3.4 p.c. Gold shipments from Canadian mines reached a new high level, recording a gain of more than 12 p.c. over the same period of 1937. The gain in silver shipments to the Mint and to external points was about 16 p.c. Coal production was 8.7 million tons against 9.4 million in the same period of last year.

Declines were predominant among the factors indicating the trend of manufacturing production. The decline in flour production was nearly 10 p.c., the total in the first seven months of 1938 having been 6.4 million barrels. The manufacture of sugar, on the other hand, was at a considerably higher level, the total in the first eight 4-week periods of 1938 having been 470.8 million pounds against 435.2 million last year. Cattle and hog slaughterings, indicating the trend in the meat packing industry, recorded declines. The drop in cattle slaughterings was limited to $1\frac{1}{2}$ p.c. while hog slaughterings showed a decline of 19 p.c. The marketing of cigars and cigarettes indicated a greater activity in the tobacco industry. The release of cigarettes was 4,539 million, a gain of nearly 4 p.c. The release of cigars for consumption recorded a gain of $10\frac{1}{2}$ p.c., the total in the elapsed portion of the present year having been 85.1 million. The cotton textile industry, as shown by the consumption of raw cotton, was less active than in the early part of 1937. The consumption of cotton dropped from 88.9 million pounds in the first eight months of 1937 to 71.6 million in the same period of the present year, a decline of $19\frac{1}{2}$ p.c. Owing to the accumulation of stocks and the lessening in demand, newsprint production showed a decline of 30.4 p.c. as compared with the first eight months of 1937. The output was 1.7 million tons against 2.4 million last year. The exports of planks and boards, indicating activity in the lumber industry, dropped from 1,204 million feet to 1,069 million.

The activity of the primary iron and steel industry showed reaction during the first eight months of the present year. Steel ingot production was 13 p.c. less than in the active months of 1937. The total output was 837,449 tons against 962,840 tons, while the production of pig iron declined from 578,258 tons to 504,873. The reduction in purchasing power was reflected in the operations of the automobile industry. During the first eight months of 1937 the output was 157,254 units, while in the first eight months of the present year the production was reduced to 117,617, a decline of 25 p.c. Imports of crude petroleum dropped nearly 10 p.c. to 745 million gallons. The imports of crude rubber, used mainly in the manufacture of tires, dropped from 45.4 million pounds to 35.5 million.

Employment records were encouraging, a slight gain being shown in the general index as averaged for the first nine months of 1938 against the same period of last year. The general index was 110.8 this year against 110.7. The decline in manufacturing was limited to 1.7 p.c. and logging was 4.6 p.c. less. A gain of 2.4 p.c. was shown in mining, while working forces in the construction industry recorded a gain of 8.7 p.c.

Statistics Illustrating the Economic Situation of Canada in Eight Months of
1938, compared with the same period of 1929.

Item	Unit or base period	First eight months of 1938	1937	Increase + Decrease - Per Cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	109.8	121.6	- 9.7
Index of Industrial Production	1926=100	110.9	125.4	- 11.6
Wholesale Prices	1926=100	81.0	84.8	- 4.5
Index of Common Stock Prices	1926=100	103.0	136.6	- 24.6
Capitalized Bond Yields, Dominion	1926=100	157.3	144.0	+ 9.2
Mining Stock Prices	1926=100	144.1	155.4	- 7.2
Bank Debits	\$000	19,422,568	23,519,603	- 17.5
<u>Production and General Business</u>				
Mineral Production	1926=100	192.3	186.7	+ 3.0
Copper Exports	Lbs.	359,798,300	271,549,900	+ 32.5
Nickel Exports	Lbs.	127,186,500	150,781,400	- 15.6
Lead Production (7 mos.)	Lbs.	242,267,043	231,761,097	+ 4.5
Zinc Exports	Lbs.	208,724,700	215,972,000	- 3.4
Gold Shipments	Fine Ozs.	2,994,141	2,666,066	+ 12.3
Silver Shipments	Fine Ozs.	14,809,313	12,778,956	+ 15.9
Coal Production	Tons	8,714,787	9,359,159	- 6.9
Manufacturing Production	1926=100	103.2	121.4	- 15.0
Flour Production (7 mos.)	Bbls.	6,439,851	7,146,758	- 9.9
Sugar manufactured	Lbs.	470,846,295	435,152,152	+ 8.2
Cattle Slaughterings	No.	1,032,002	1,047,338	- 1.5
Hog Slaughterings	No.	2,002,658	2,478,551	- 19.2
Cigarettes released	No.	4,539,360,639	4,374,164,518	+ 3.8
Cigars released	No.	85,142,443	77,065,837	+ 10.5
Leather Boots and Shoes (7 mos.)	Prs.	11,559,866	13,190,305	- 12.5
Raw Cotton consumption	Lbs.	71,561,565	88,898,670	- 19.5
Paper and Lumber -				
Newsprint Production	Tons	1,682,720	2,416,025	- 30.4
Exports of Planks and Boards	Ft.	1,069,207,000	1,203,892,000	- 11.2
Iron and Steel -				
Steel Ingot Production	Long Tons	837,449	962,840	- 13.0
Pig Iron Production	Long Tons	504,873	578,258	- 12.7
<u>Automobile and Allied Industries -</u>				
Automobile Production	No.	117,617	157,254	- 25.2
Petroleum Imports	Gals.	745,321,181	825,250,560	- 9.7
Crude Rubber Imports	Lbs.	35,465,910	45,442,909	- 22.0
<u>Construction -</u>				
Contracts Awarded	\$	123,926,800	156,691,900	- 20.9
Building Permits	\$	37,825,791	37,849,203	+ 0.1
Electric Power Production	000 K.W.H.	16,774,714	18,141,912	- 7.5
<u>External Trade -</u>				
Exports	\$	580,937,398	739,755,961	- 21.5
Imports	\$	449,541,032	522,777,568	- 14.0
<u>Railways -</u>				
Carloadings	No.	1,524,669	1,674,051	- 8.9
Gross Revenue C.N.R. (Can.Lines)	\$	96,690,000	105,120,000	- 8.0
Gross Revenue C.P.R.	\$	85,225,000	90,864,000	- 6.5
<u>Employment - 9 Months' average, unadjusted</u>				
General Index	1926=100	110.8	110.7	+ 0.1
Manufacturing		111.0	112.9	- 1.7
Logging		148.6	155.7	- 4.6
Mining		153.7	150.1	+ 2.4
Construction		98.4	90.5	+ 8.7
Building		54.8	52.7	+ 4.0
Highway		180.2	153.1	+ 17.7
Trade		131.3	130.6	+ 0.5
<u>Banking - 8 Months' Average</u>				
Notice and Demand Deposits	\$	2,286,252,000	2,260,146,250	+ 1.2
Readily Available Assets	\$	1,595,477,500	1,594,597,375	+ 0.1
Current Loans	\$	764,153,288	715,303,113	+ 6.8
Call Loans - Canada	\$	68,203,443	118,151,800	- 42.3
Elsewhere	\$	52,724,229	73,011,238	- 27.8
Security Holdings	\$	1,444,555,875	1,432,207,000	+ 0.9

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the calendar year of 1940

compared with 1939

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

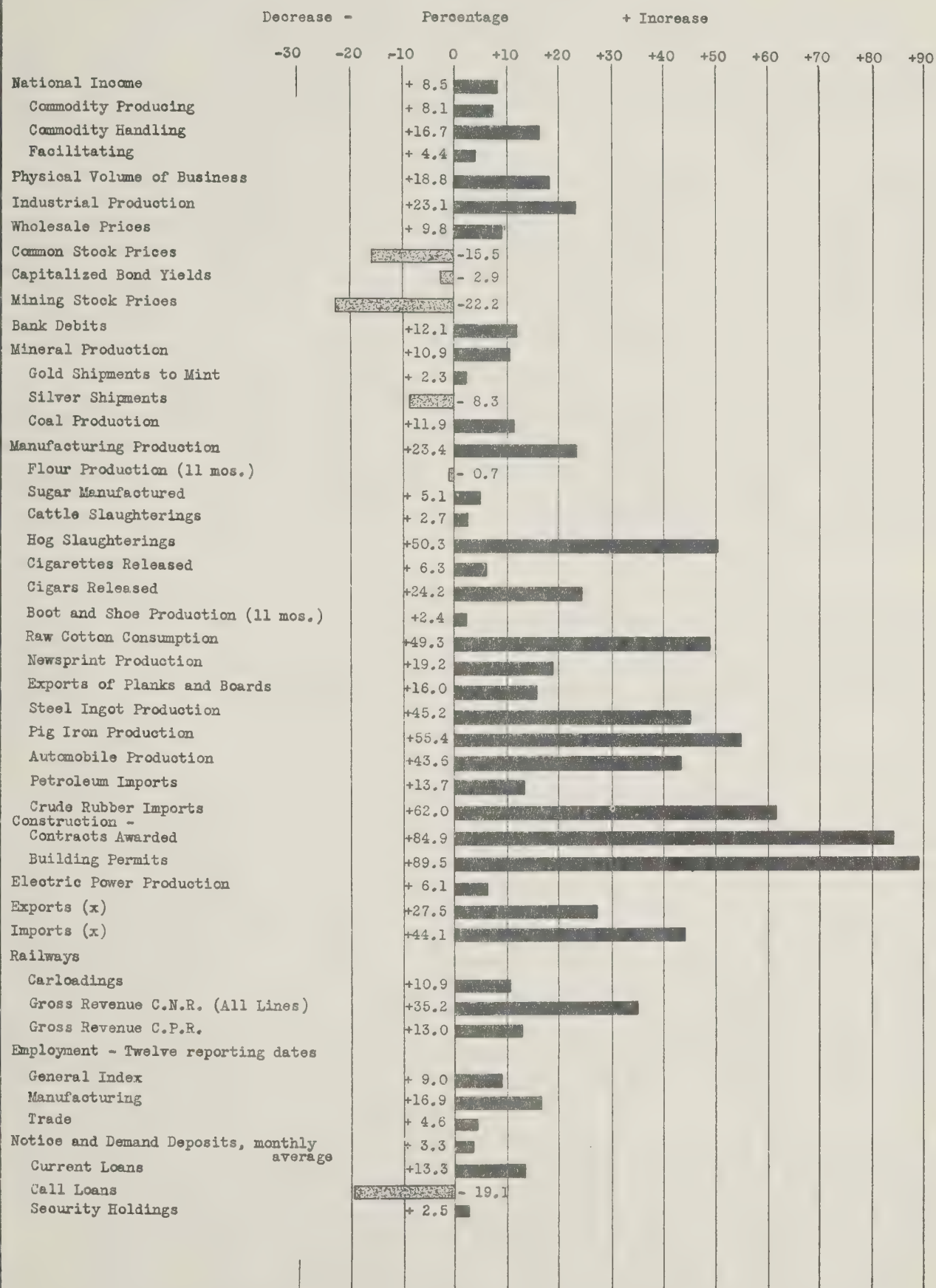
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OTTAWA

1941

Price \$1 a year

The Economic Situation in Canada
in the Calendar Year
of 1940
as compared with 1939.



(x) Excluding gold.

- Dominion Bureau of Statistics -

DOMINION BUREAU OF STATISTICS - OTTAWA

GENERAL STATISTICS BRANCH

Dominion Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)

Statistician:

Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE CALENDAR YEAR OF 1940 COMPARED WITH 1939.

The acceleration in economic operations in Canada during 1940 resulted in an increase in the national income from \$4,409 million in the preceding year to \$4,784 million. The indicated increase of 8.5 per cent reflects the impact of the war leading to greater activity in most sections of the Canadian economic system.

The minor recession of two years ago was terminated upon the outbreak of hostilities and the volume of production has recently risen to the highest point in our economic history. The index of the physical volume of business maintained by the Dominion Bureau of Statistics reached, during 1940, a level far surpassing that of 1929, generally regarded as abnormally prosperous. The output of numerous industries is at record levels and quantitative information indicates that some industries are working at or near capacity with signs of a scarcity of some types of skilled labour.

The commodity-producing activities, including the nine main branches of production, as listed in the Survey of Production, recorded an increase of 8.1 p.c. during 1940, the income produced having been \$2,252 million against \$2,083 million in 1939. The percentage increase in the commodity-handling industries, including transportation and trade, was of considerably greater proportions. The total was \$983 million in 1940 compared with \$843 million in the preceding year, a gain of 16.7 p.c. The facilitating activities embracing finance, government and service, contributed to the national income to the amount of \$1,549 million against \$1,484 million in the preceding year, a gain of 4.4 p.c.

The insatiable demands of war are the basis of the present prosperity. It was announced by the Department of Munitions and Supply that the amount of contracts placed on Canadian and United Kingdom account, excluding certain contracts pending under the plant extension program, was \$1,105.8 million. These contracts, numbering 73,899, were placed by the Department of Munitions and Supply and its two predecessor purchasing bodies. The sum of \$307.1 million was expended on the plant extension program alone. This amount is an appreciable addition to the private extension of productive facilities. The manufacture of munitions is for the present purpose on a somewhat similar footing with the extension of capital equipment within the country.

Capital formation in the physical sense is one of the most prominent of the determinants of national income. Important expenditure under this heading adds greatly to the money flow. The secondary effect is of equal importance with the direct impetus. The production of construction material and the disposal of the income of the employees engaged on enterprises of this type contribute to economic expansion. Construction contracts awarded amounted to \$346 million against \$187.2 million in 1939, a gain of nearly 85 p.c. A portion of the war contracts is included in the compilation.

Canadian prosperity has always been dependent to a large extent on exports, in the broad sense. External trade is particularly vital to the economy of Canada. Abundant natural resources encourage the production of a considerable number of commodities far in excess of the normal requirements of the domestic market. There are conversely products, especially raw materials, difficult or impossible to produce in this country and necessary importation of these products encourages an exchange of goods in international markets. The export of merchandise, excluding gold, was \$1,193 million in 1940 against \$936 million in the preceding year, a gain of 27.5 p.c. As imports were \$1,082 million in the year under review, a considerable excess of exports over imports was shown. The loss of export markets on the continent of Europe during the first year of war was more than offset by expansion in the purchases of other countries. The decline in receipts of United States exchange by means of tourist trade was considerable, according to the record of sixty-day tourist permits. Counterbalancing to a certain extent the appreciable decline of American travel in Canada was the much greater decline, relatively, in the number of Canadians travelling in the United States.

The most constructive factor in economic conditions during the year under review was the spectacular advance in business operations. The index of the physical volume of business averaged 145.4 during the year against 122.4 in 1939, a gain of nearly 19 p.c. In the early months of 1940, the index rose to a level corresponding to the maximum reached in 1929, the culmination of the last prosperity period. The steady advance, after the first quarter, carried the index into new high territory in the industrial history of Canada. Commodity prices recovered sharply in the last four months of 1939 following the outbreak of hostilities, while a moderate advance was in evidence during the last half of 1940. The general level of commodity prices was characterized by relative steadiness throughout the year.

High-grade bond prices recovered considerably from October 1939 to the end of the year under review. The recovery followed a marked reaction during the first month of the conflict. The index of capitalized bond yields crossed the inter-war trend line

in the upward direction during the last month of the year. The course of common stock prices reflected the influence of the uncertainties of the war, the repatriation of Canadian securities held in Britain and the effect of heavy taxation upon the chief operating companies. A sharp reaction occurred during May and June reflecting the adverse military operations in France. The subsequent recovery was of moderate proportions. The index of common stock prices averaged nearly 85 against 100.5 in the preceding year, a decline of 15.5 p.c.

The index of mineral production, based upon nine factors, rose from 214 in 1939 to 237.6, a gain of nearly 11 p.c. An increase of nearly 12 p.c. was shown in coal production which amounted to 17.2 million tons. Gold receipts at the Mint recorded a gain of 2.3 p.c. over the high level of the preceding year, the total having been 4,966,000 fine ounces.

The index of manufacturing production rose 23.4 p.c. to 146.7. Advances were recorded in a large majority of the thirty factors used in the compilation. The gain in hog slaughtering, indicating conditions in the meat-packing industry, was 50 p.c., the total having been 5.5 million head. Raw cotton consumption, an important indicator of conditions in the textile industry, rose from 128 million pounds to 191 million, a gain of more than 49 p.c. Appreciable increases were recorded in the production of newsprint and the export of planks and boards. Steel ingot production rose 45 p.c. while the output of pig iron was 55 p.c. greater. The production of automobiles rose 44 p.c. to nearly 223,000 units. The imports of crude petroleum, indicating activity in the oil industry, recorded a gain of nearly 7 p.c., the total having been 1,484 million gallons.

The war accounts for the heavy deficit financing of the Dominion Government. The short term result is the enhancement of prosperous conditions and a rise in national income. Dominion revenues, owing to increased taxation advanced to \$572.6 million in the first nine months of the present fiscal year, against \$398.8 million in the corresponding period one year ago. Total expenditures rose from \$414.4 million to \$795.6 million in the same comparison, war appropriations alone having been \$477 million against \$86.8 million in the corresponding nine-month period. It seems reasonable to conclude that the effect of the excess of government expenditure over revenues in stimulating increased total incomes has really only begun and will have a much greater influence during the present year.

A tangible development bearing on Canadian conditions during the next seven months is the heavy volume of the last harvest. The bacon trade has proved a considerable source of income to Canadian farmers, the current stocks of Canadian grain and forage tending to buttress the production of dairy and meat products. The wave of prosperity in the United States will assist in providing a market while domestic requirements will be heavier as indicated by the volume of productive operations.

The general index of employment was 124.2 in 1940 against 113.9, a gain of 9 p.c. Gains of 16.9 and 2.8 p.c. were shown in manufacturing and mining, respectively. Building construction rose 34 p.c. and the moderate gain of 4.6 p.c. was shown in trading activities.

The deposit liabilities of the chartered banks rose to a new high point at \$2,522 million compared with \$2,441 million in the preceding year, a gain of 3.3 p.c. As bank debits or the amount of cheques cashed in clearing centres rose from \$31.6 billion to \$35.4 billion, it is evident that the turnover of bank deposits recorded a considerable acceleration. Current loans averaged 13 p.c. greater in 1940, while the security holdings of the banks rose 2.5 p.c. to \$1,578.7 million.

February 6, 1941

Statistics Illustrating the Economic Situation of Canada in the Calendar Year of 1940,
Compared with 1939.

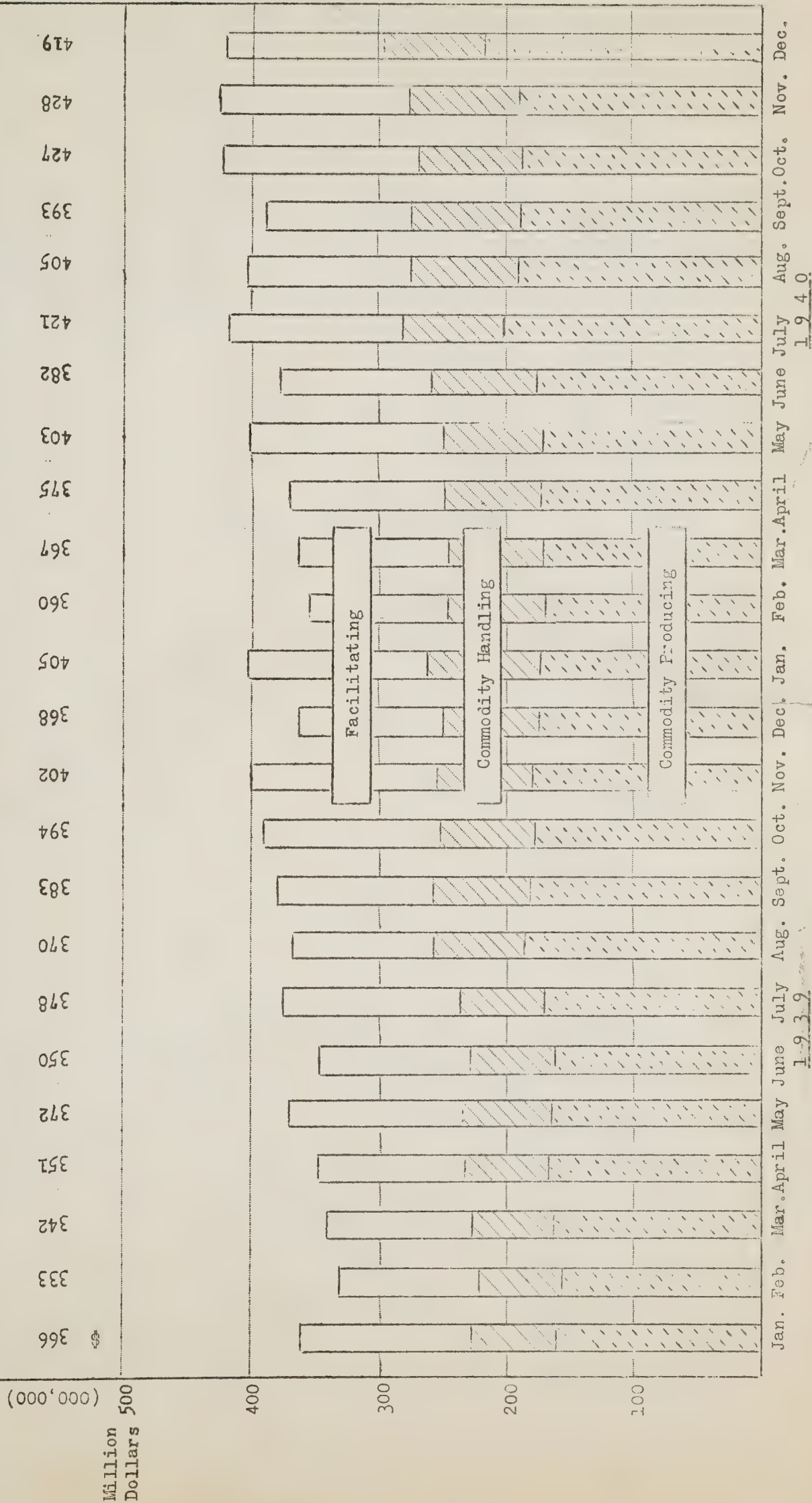
Item	Unit or base period	The Calendar 1940	Year of: 1939	Increase + Decrease -
<u>National Income</u>	\$000	4,784,269	4,409,162	+ 8.5
Commodity Producing	\$000	2,252,153	2,082,825	+ 8.1
Commodity Handling	\$000	983,084	842,718	+ 16.7
Facilitating	\$000	1,549,032	1,483,619	+ 4.4
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	145.4	122.4	+ 18.8
Index of Industrial Production	1926=100	153.3	124.5	+ 23.1
Wholesale Prices	1926=100	82.9	75.5	+ 9.8
Index of Common Stock Prices	1926=100	84.9	100.5	- 15.5
Capitalised Bond Yields, Dominion	1926=100	138.6	142.8	- 2.9
Mining Stock Prices	1926=100	116.4	149.7	- 22.2
Bank Debits	\$000	35,437,475	31,617,352	+ 12.1
<u>Production and General Business</u>				
Mineral Production	1926=100	237.6	214.3	+ 10.9
Gold Receipts	Fine Ozs.	4,965,828	4,852,714	+ 2.3
Silver Shipments	Fine Ozs.	19,971,496	21,769,861	- 8.3
Coal Production	Tons	17,207,363	15,380,886	+ 11.9
Manufacturing Production	1926=100	146.7	118.9	+ 23.4
Flour Production (11 mos.)	Bbls.	15,178,789	15,287,104	- 0.7
Sugar Manufactured	Lbs.	1,050,570,832	999,510,880	+ 5.1
Cattle Slaughtering	No.	1,593,677	1,552,496	+ 2.7
Hog Slaughtering	No.	5,454,930	3,628,369	+ 50.3
Cigarettes released	No.	7,571,841,581	7,126,192,927	+ 6.3
Cigars released	No.	165,673,118	133,360,973	+ 24.2
Raw Cotton Consumption	Lbs.	191,300,836	128,130,167	+ 49.3
Paper and Lumber -				
Newsprint Production	Tons	3,418,803	2,869,266	+ 19.2
Exports of Planks and Boards	M ft.	2,451,638	2,113,206	+ 16.0
Iron and Steel -				
Steel Ingot Production	Long Tons	2,011,172	1,384,827	+ 45.2
Pig Iron Production	Long Tons	1,174,894	756,182	+ 55.4
<u>Automobile and Allied Industries -</u>				
Automobile Production, Cars and Trucks	No.	222,984	155,316	+ 43.6
Petroleum Imports	000 Gals.	1,484,537	1,305,909	+ 13.7
Crude Rubber Imports	Lbs.	113,773,959	70,212,487	+ 62.0
<u>Construction -</u>				
Contracts Awarded	\$	346,010,200	187,178,500	+ 84.9
Building Permits 1/	\$	112,691,456	59,467,114	+ 89.5
Electric Power Production	000 K.W.H.	30,080,248	28,350,964	+ 6.1
<u>External Trade - (x)</u>				
Exports	\$	1,193,217,592	935,921,713	+ 27.5
Imports	\$	1,081,950,719	751,055,534	+ 44.1
Excess of exports over imports	\$	111,266,873	184,866,179	
<u>Railways -</u>				
Carloadings	No.	2,826,986	2,548,964	+ 10.9
Gross Revenue C.N.R. (All Lines)	\$	212,300,711	157,084,250	+ 35.2
Gross Revenue C.P.R.	\$	170,964,897	151,280,700	+ 13.0
<u>Employment - 12 months' average unadjusted -</u>				
General Index	1926=100	124.2	113.9	+ 9.0
Manufacturing		131.3	112.3	+ 16.9
Logging		166.9	119.1	+ 40.1
Mining		168.4	163.8	+ 2.8
Construction		90.7	113.0	- 19.7
Building		83.5	62.2	+ 34.2
Highway		122.1	218.8	- 44.2
Trade		142.9	136.6	+ 4.6
<u>Banking - Twelve months' average -</u>				
Notice and Demand Deposits	\$	2,521,950,495	2,440,957,546	+ 3.3
Current Loans	\$	968,547,905	854,511,568	+ 13.3
Call Loans - Canada	\$	44,116,757	54,508,836	- 19.1
Security Holdings	\$	1,578,717,047	1,540,327,251	+ 2.5

(x) Excluding gold.
1/ 58 Municipalities.

Forty items showed increases, while
six items recorded declines.

CHART 2 - NATIONAL INCOME BY MONTHS.

1939 - 1940



11-D-01

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during January 1941

compared with January 1940

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

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OTTAWA

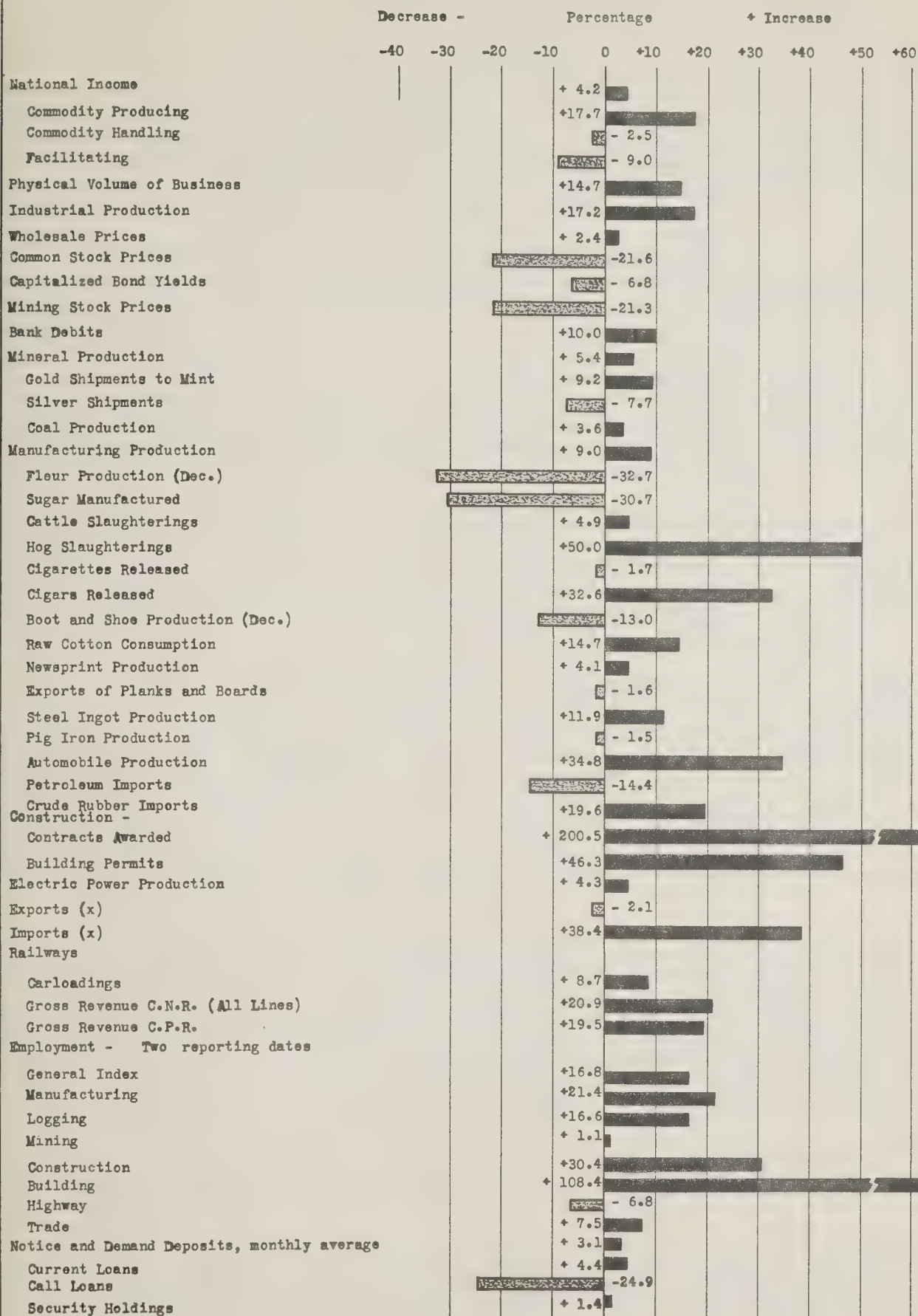
1941

Price \$1 a year

The Economic Situation in Canada

January, 1941

as compared with January, 1940.



(x) Excluding gold

- Dominion Bureau of Statistics -

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING JANUARY 1941 COMPARED WITH THE
SAME MONTH OF LAST YEAR.

Estimated national income in the first month of the year was \$422 million, the gain over December when the standing was \$419 million having been 0.7 p.c. As the estimate for January, 1940, was \$405 million, an increase of \$17 million or 4.2 p.c. was recorded. The standing of the money income in the calendar year 1940 was higher than in any similar period in the last ten years. The estimate of real income, obtained by adjusting for price changes, was greater in 1940 than in any other year in history. The real income based on prices for 1926 was \$5,090 million in 1940, compared with the previous maximum of \$5,022 million in 1928.

The indexes of fundamental importance indicating the trend of conditions in Canada were generally favourable in January compared with the preceding month. The advance in business operations continued, the index of the physical volume of business reaching a new high point.

Minor advances were shown in common stock and wholesale commodity prices. The index of wholesale prices has shown a moderate advance since last May. Due mainly to the advance in the last four months of 1939, the level of the index during 1940 was considerably higher than in the preceding year. The standing in January, however, was still below the intermediate maximum reached in 1937.

High-grade bond prices averaged higher in January than in any month since August, 1939. A considerable proportion of the sharp reaction during the first month of hostilities has now been counterbalanced. The sum of the notice and demand deposits of the banks showed further increase at the first of January. The level was practically as high as on the same date of 1940. During the last twelve months, considerable fluctuation had been shown in bank deposits due in part to payments for war loans.

The marked expansion in productive operations during the last twelve months was indicated by an advance in the index of the physical volume of business from 113.8 in January, 1940, to 130.5 in the first month of the present year. The acceleration was practically general throughout the economic system, advances being recorded in each of the five main segments represented in the index of the physical volume of business. The advance in the index of mineral production was from 116.4 to 122.7. It was recently announced that the value of mineral production in 1940 was \$529.2 million compared with \$474.6 million in 1939. The value of gold produced by Canadian mines rose from \$184.1 million to \$204.9 million. Marked expansion was shown in the production of base metals including nickel, copper, lead and zinc.

The index of manufacturing production rose from 130.2 in January, 1940, to 141.9 in the month under review, important increases having been shown in the production of most of the commodities considered in this connection. The new business obtained by the construction industry rose sharply in January as compared with the same month of last year. The index for the industry, after correction for changes in building costs rose from 94.9 to 275.3. The index of electric power production was 116.7 against 111.0 one year ago. The compilation for distribution rose from 96.7 to 105.4, reflecting increases in each of the components, except merchandise exports, where a minor recession was shown.

The index of the output of producers' goods was 151.9 compared with 119.9, while a minor increase was shown in the production of consumers' goods, the index rising from 108.1 to 110.4.

Sales of department stores in Canada were 10 p.c. greater in January of this year than last but dropped to less than half the volume of business transacted in December. The decline from December was greater than the usual seasonal movement between these two months and reflects the reaction from the high level of consumer buying in the last month of the year. The adjusted index of sales was 122.6 against 132.2 in December and 112.6 in January last year. The cost of living index, on the base 1935-1939 rose to 108.3 in January from 108.0 in December, and 103.8 in the same month of 1940. Recently constructed indexes of cost of living in eight cities indicate advances between August, 1939 and December, 1940, as follows: Halifax 15.2 p.c., Saint John 12.4 p.c., Montreal 10.5 p.c., Toronto 7.6 p.c., Winnipeg 10.2 p.c., Saskatoon 12.1 p.c., Edmonton 9.8 p.c., and Vancouver 9.1 p.c. Aside from the Maritime cities and Toronto, the advances were closely grouped around 10 p.c.

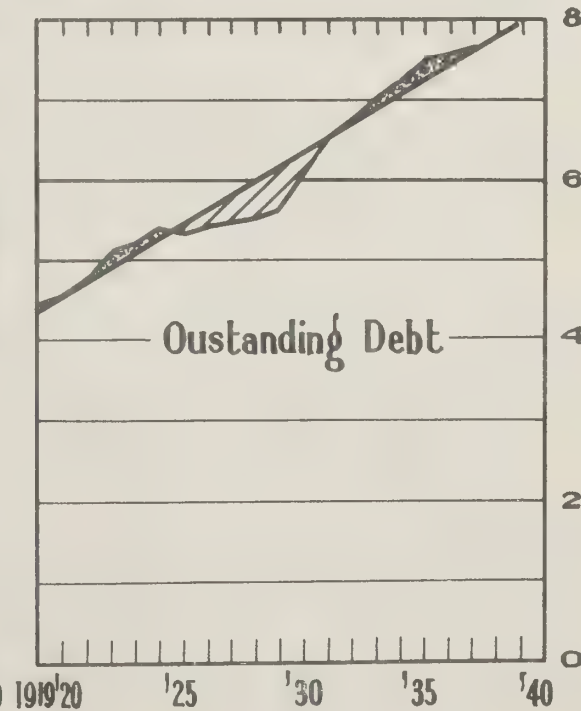
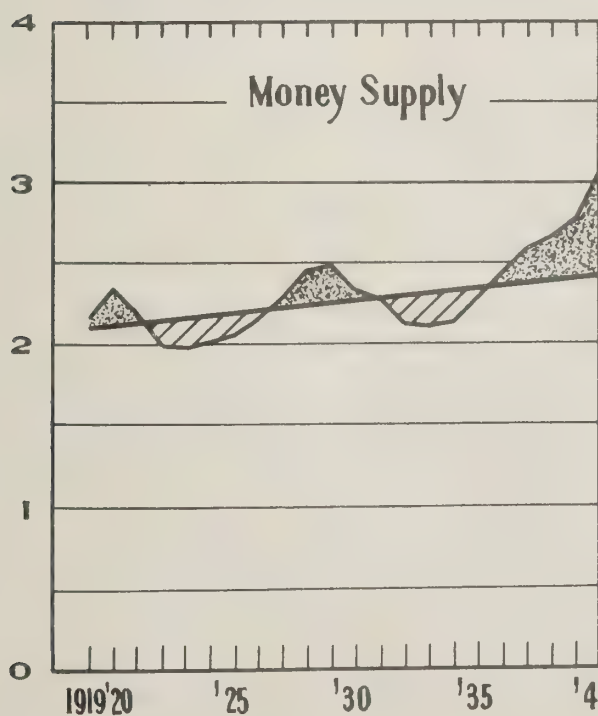
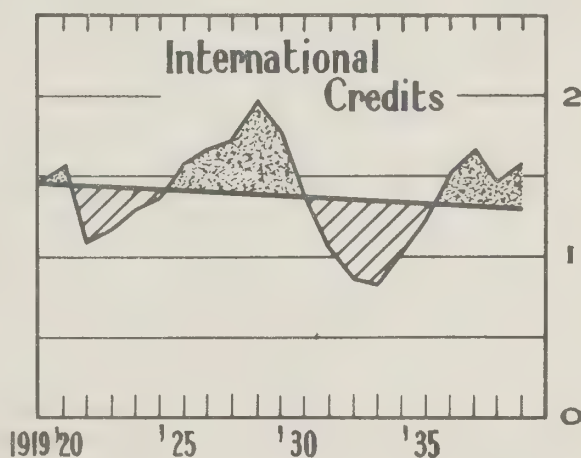
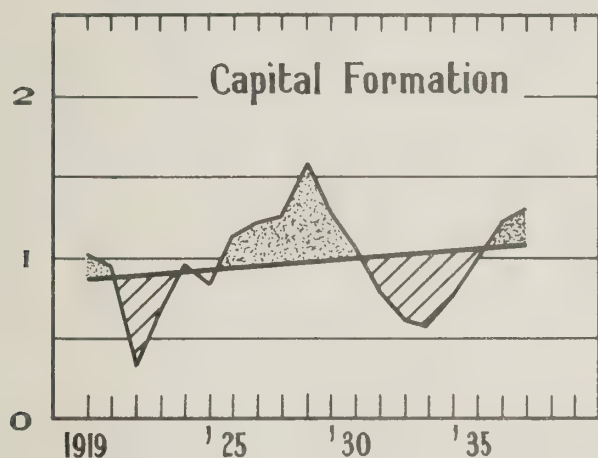
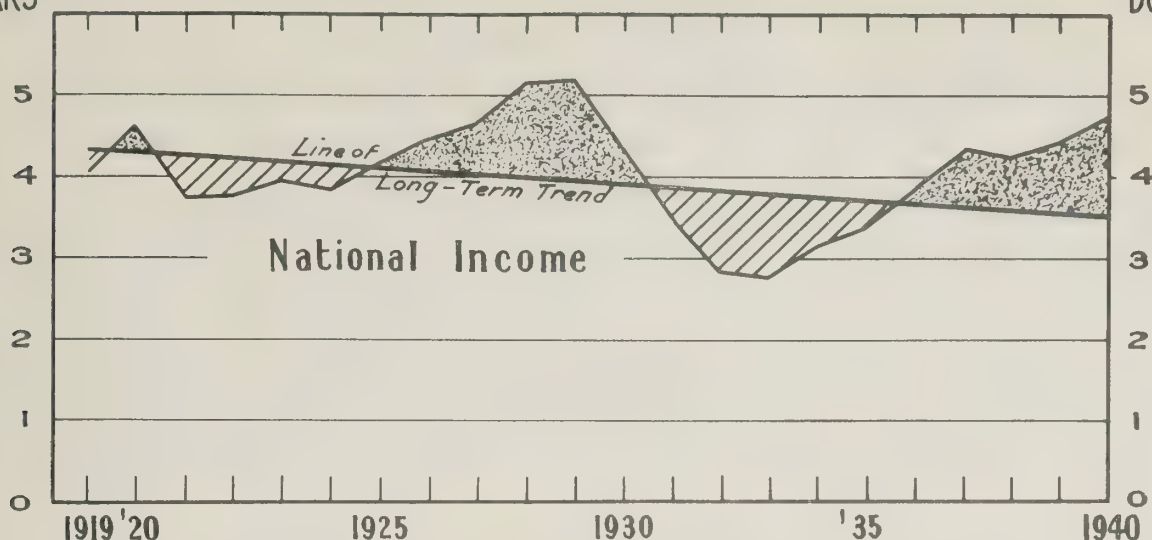
COMPARISON OF NATIONAL INCOME

WITH

FOUR CAUSAL FACTORS, BY YEARS, 1919 - 1940

BILLION
DOLLARS

BILLION
DOLLARS



Canada's domestic exports in January, excluding gold, were valued at \$86.9 million compared with \$90.1 million in the same month one year ago. Foreign exports were valued at \$2,031,191 compared with \$743,704 a year ago. Reduction in exports of wheat flour was an important factor in the month's lower total. Total Canadian exports, excluding gold, were valued at \$1,179 million during 1940, which represented an increase of 18 p.c. over the 1937 peak and fully 16 p.c. over the average for the last ten years. A larger proportion (56 p.c.) of Canadian goods is recorded as going to Empire countries than in the preceding year. This was due partly to the large shipments of both materials of war and civil necessities to the United Kingdom and in particular to the removal of virtually all of continental Europe from the Canadian trading zone. Owing to the commercial activity of the United States, increasing orders for a great variety of goods that Canada ships to the great market to the South were filled during the year. Canada imported from the United States war supplies valued at \$48.4 million in 1940. Of this amount \$28.1 million was for military aircraft and \$9.6 million was for aircraft engines.

The year 1940 witnessed unprecedented expansion in industrial employment, a continuation and intensification of the upward movement which had its inception late in 1939. Apart from seasonal fluctuation, employment is expected to gain momentum in the months to come as a result of the development of Canada's war effort. The number of employees engaged in co-operating establishments was raised by more than one-fifth from January 1 to December 1, 1940. In a move to prevent the familiar inflation spiral of rising production and living costs, the Government has instructed conciliation boards appointed under the Industrial Disputes Investigation Act to recommend cost-of-living bonuses instead of wage increases. The period 1926-29 is established as a yardstick for fair and reasonable wage levels.

Dividend payments were unofficially estimated at \$22.4 million during January, an increase of \$1,260,000 over the same month of 1940. Enhanced payments by industrial companies accounted for the advance. The index of dividend payments by Nesbitt, Thomson and Company was 119.6 in January against 124.7 in the same month of 1940 and 120.5 in December last year. New bond financing during January was at a low level until the closing week when the announcement of a new issue of \$15 million Province of Ontario Guaranteed Hydro $3\frac{1}{4}$ p.c. bonds was made. Another issue was the \$1,200,000 Montreal Metropolitan Commission $4\frac{1}{2}$ p.c. bonds. Government and municipal financing during January was \$18.2 million compared with \$263.5 million in January last year when Canada's first war loan was sold, accounting for \$250 million of the 1940 total. Dominion of Canada three-months Treasury Bills sold for refunding purposes totalled \$75 million and the amount of these bills now outstanding is \$230 million. Combined interest and principal payments on Canadian public bonds during January were \$22 million below a year ago, while February's total will show an increase of about \$20 million. Payments on interest in January included some \$10.6 million worth of the New York pay option, while similar payments on principal account totalled \$1,285,000. Combined payments on domestic-pay indebtedness for the two months at \$43.2 millions compared with \$37.9 million a year ago.

Of a total of \$7,012 million of Dominion, C.N.R. and provincial debt, direct and guaranteed, the portion payable in Canada only, amounts to \$4.5 billions or 65.6 p.c., while indebtedness with a New York pay feature, mandatory or optional, amounts to \$1.7 billion or 24.5 p.c. of the total. The balance of \$691.1 million, or 9.9 p.c. of the total is London-pay.

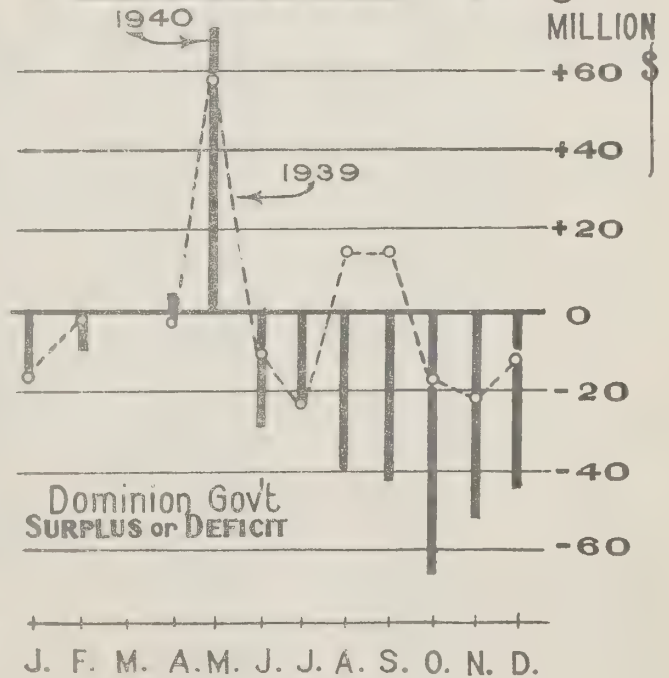
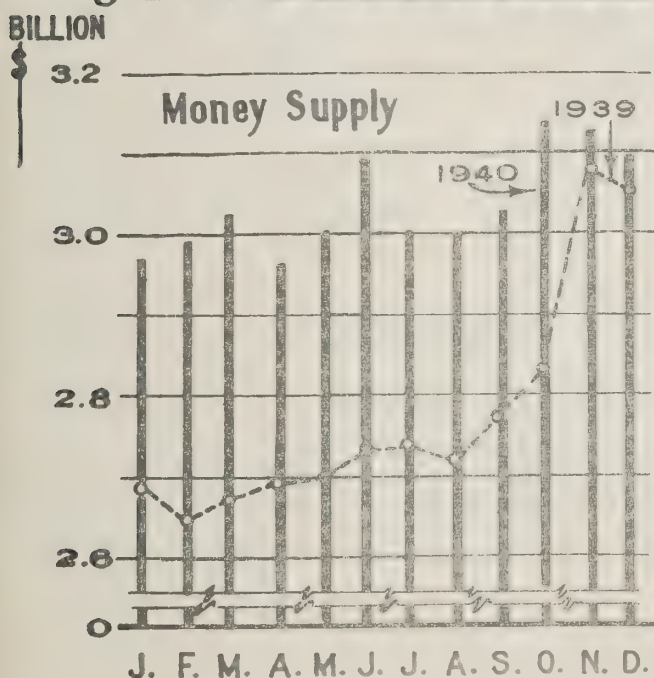
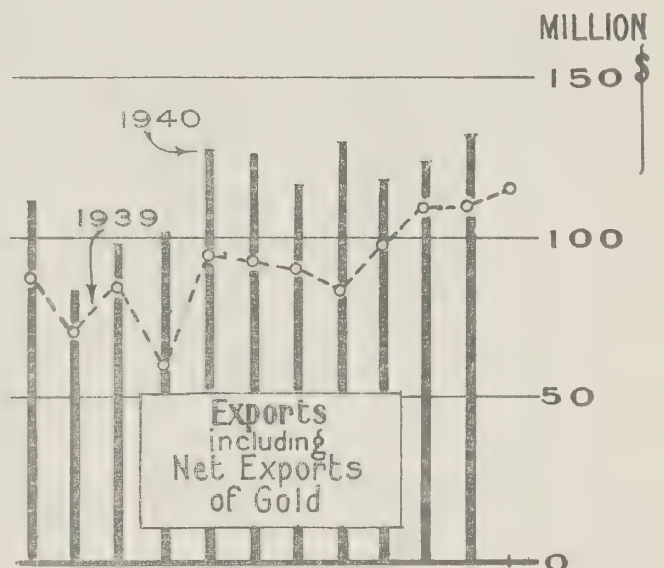
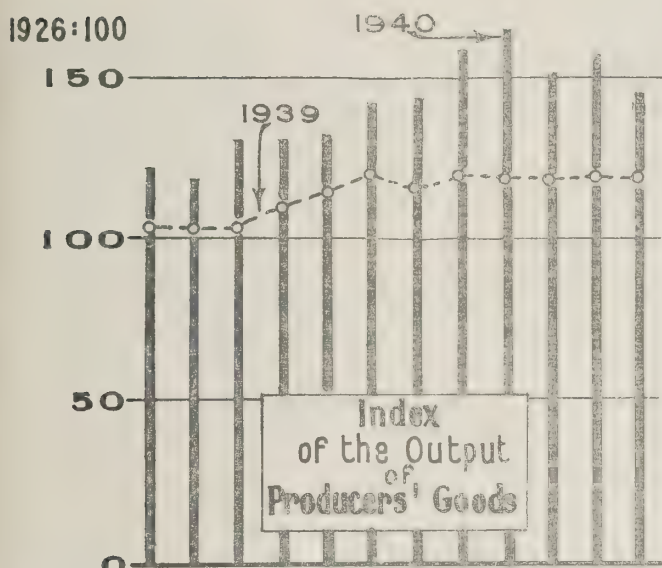
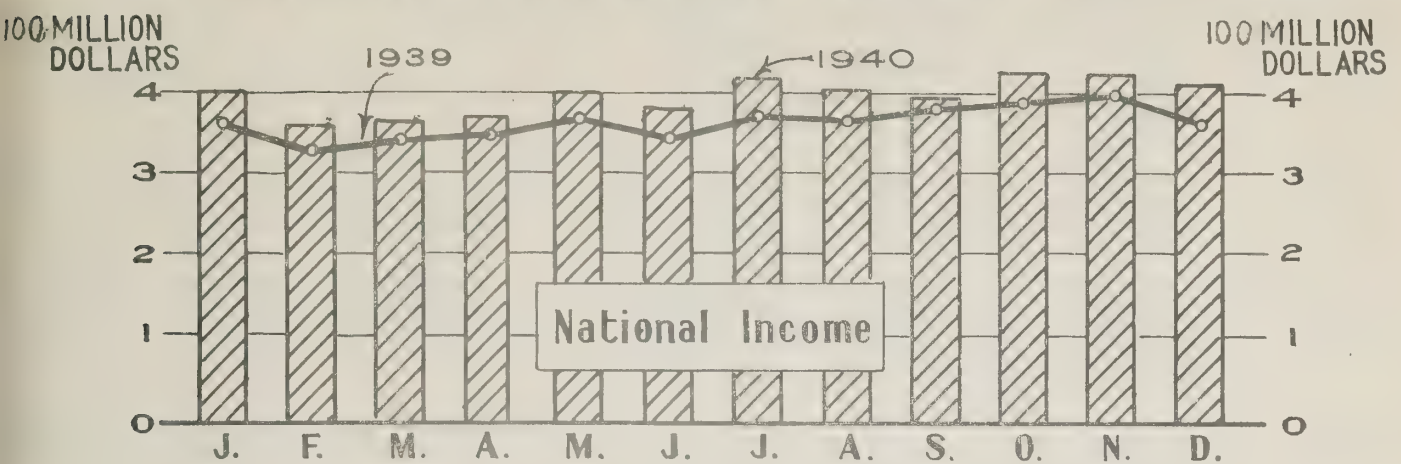
Showing the usual seasonal decline, current loans in Canada were \$22.6 million less in the combined statement for all chartered banks as of December 31, compared with November 30. Substantial increases were shown in demand and notice deposits and holdings of government and other securities. Net profits of the Bank of Canada on 1940 operations were more than double those earned in 1939, the figures, after providing for contingencies and reserve, being \$4.0 million and \$1.9 million, respectively.

The Dominion revenues amounted to \$80.2 million in January and expenditures to \$125 million, resulting in a deficit of \$44.8 million. A year ago the figures were, respectively, \$42.8 million, \$58.7 million and \$15.9 million. The latest month's total brought the revenue for the ten months of the present fiscal year to \$652.8 million and expenditures to \$920.6 million. More than half the national income, or a total of at least \$2,700 million will be taken by the federal, provincial and municipal governments for war and non-war purposes in the next fiscal year. The war expenditure was placed at \$1,420 million for that period.

COMPARISON OF NATIONAL INCOME

WITH

FOUR CAUSAL FACTORS, BY MONTHS, 1939-1940



Statistics Illustrating the Economic Situation of Canada January, 1941.
Compared with January, 1940

Item	Unit or base period	January 1941	January 1940	Increase + Decrease -
National Income	\$000	421,691	404,884	+ 4.2
Commodity Producing	\$000	209,223	177,761	+ 17.7
Commodity Handling	\$000	86,323	88,567	- 2.5
Facilitating	\$000	126,145	138,556	- 9.0
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	130.5	113.8	+ 14.7
Index of Industrial Production	1935-9=100	145.1	123.8	+ 17.2
Wholesale Prices	1926=100	84.6	82.6	+ 2.4
Index of Common Stock Prices	1935-9=100	71.3	90.9	- 21.6
Capitalized Bond Yields, Dominion	1935-9=100	96.3	103.3	- 6.8
Mining Stock Prices	1935-9=100	79.4	100.9	- 21.3
Bank Debits	\$000	2,941,104	2,674,335	+ 10.0
<u>Production and General Business</u>				
Mineral Production	1935-9=100	122.7	116.4	+ 5.4
Gold Receipts	Fine Ozs.	461,602	422,868	+ 9.2
Silver Shipments	Fine Ozs.	1,528,932	1,655,741	- 7.7
Coal Production	Tons	1,745,482	1,684,924	+ 3.6
Manufacturing Production	1935-9=100	141.9	130.2	+ 9.0
Flour Production (Dec.)	Ebls.	1,076,132	1,599,966	- 32.7
Sugar Manufactured	Lbs.	37,921,156	54,728,587	- 30.7
Cattle Slaughterings	No.	108,107	103,057	+ 4.9
Hog Slaughterings	No.	575,820	383,920	+ 50.0
Cigarettes released	No.	623,571,303	634,271,934	- 1.7
Cigars released	No.	13,120,418	9,897,643	+ 32.6
Leather Boots and Shoes (Dec.)	Pairs	11,553,657	1,785,179	- 13.0
Raw Cotton Consumption	Lbs.	15,679,582	13,673,514	+ 14.7
Paper and Lumber -				
Newsprint Production	Tons	261,298	251,032	+ 4.1
Exports of Planks and Boards	M ft.	164,892	167,527	- 1.6
Iron and Steel -				
Steel Ingot Production	Long Tons	186,303	166,496	+ 11.9
Pig Iron Production	Long Tons	103,085	104,703	- 1.5
Automobile and Allied Industries -				
Automobile Production, Cars and Trucks	No.	23,195	17,213	+ 34.8
Petroleum Imports	000 Gals.	55,197	64,491	- 14.4
Crude Rubber Imports	Lbs.	13,522,707	11,305,227	+ 19.6
Construction -				
Contracts Awarded	\$	26,579,800	8,844,700	+ 200.5
Building Permits 1/	\$	3,533,852	2,415,722	+ 46.3
Electric Power Production	000 K.W.H.	2,634,695	2,526,143	+ 4.3
External Trade - (X)				
Exports	\$	88,952,659	90,853,837	- 2.1
Imports	\$	98,382,462	71,104,145	+ 38.4
Excess of exports over imports	\$	- 9,429,803	+ 19,749,692	
Railways -				
Carloadings	No.	228,536	210,229	+ 8.7
Gross Revenue C.N.R. (All Lines)	\$	17,711,000	14,645,000	+ 20.9
Gross Revenue C.P.R.	\$	14,685,000	12,289,000	+ 19.5
Employment - 2 months' average and adjusted -				
General Index	1926=100	134.7	115.3	+ 16.8
Manufacturing		145.0	119.4	+ 21.4
Logging		271.0	232.5	+ 16.6
Mining		168.4	166.6	+ 1.1
Construction		82.8	63.5	+ 30.4
Building		108.6	52.1	+ 108.4
Highway		81.0	86.9	- 6.8
Trade		153.9	143.2	+ 7.5
Banking - Twelve months' average -				
Notice and Demand Deposits	\$	2,677,353,617	2,598,046,177	+ 3.1
Current Loans	\$	998,650,175	956,144,714	+ 4.4
Call Loans - Canada	\$	35,828,880	47,732,191	- 24.9
Security Holdings	\$	1,677,210,630	1,653,870,370	+ 1.4

(X) Excluding gold.

1/ 58 Municipalities.

11-D-01

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first two months of 1941

compared with the same period of the

preceding year

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

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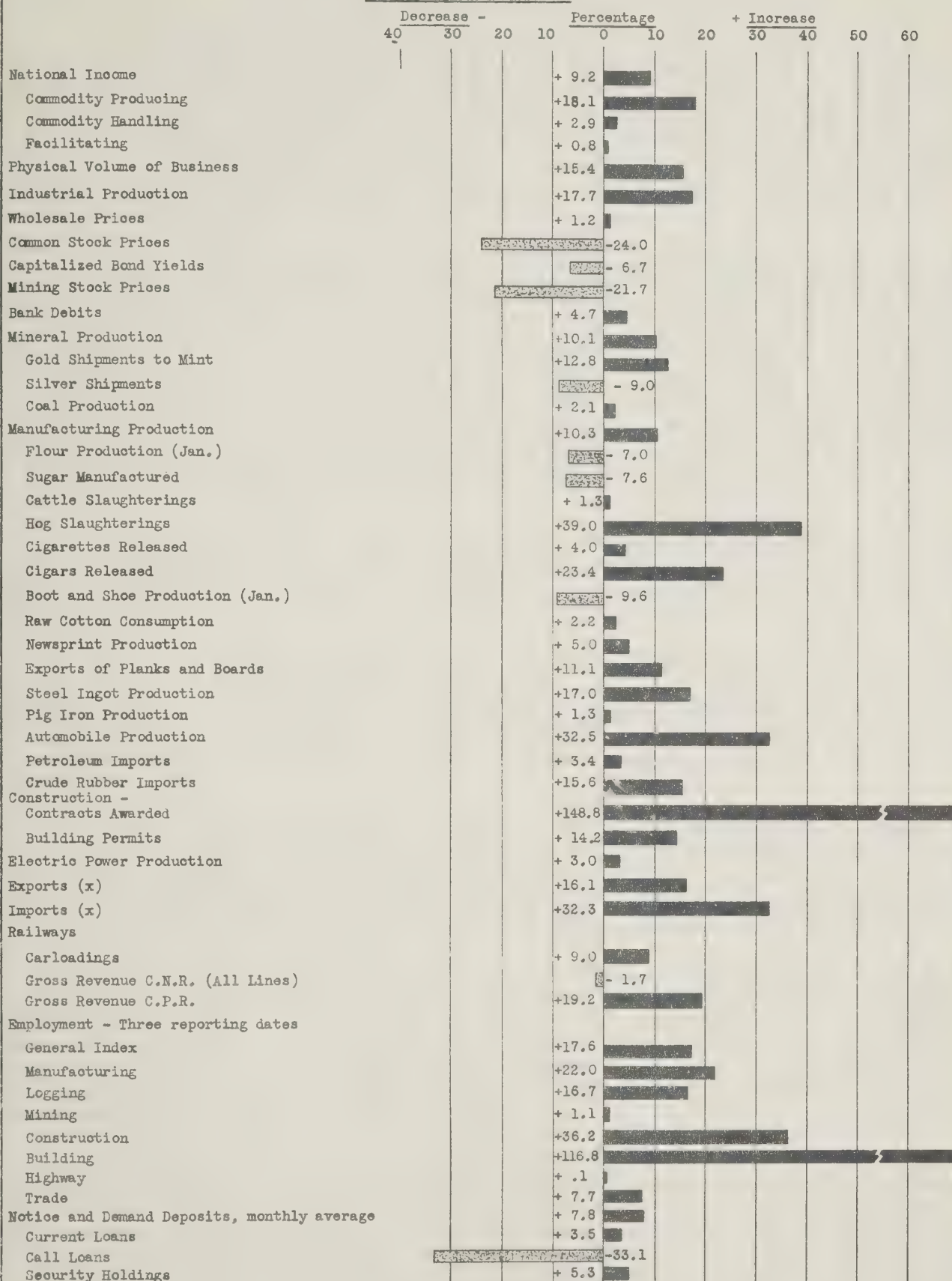
OTTAWA

1941

Price \$1 a year

The Economic Situation in Canada
in the First Two Months of 1941

as compared with
the same period of 1940.



(x) Excluding gold.

- Dominion Bureau of Statistics -

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TWO MONTHS OF 1941
COMPARED WITH THE SAME PERIOD OF LAST YEAR

Business operations recorded a gain of about 15.5 p.c. in the first two months of the present year over the same period of 1940. The index of the physical volume of business averaged 128.3 against 111.2 one year ago. Wholesale prices averaged slightly higher, while a considerable decline was recorded in common stock prices. The bond market was at a considerably higher level than in the early months of last year. The use made of bank deposits, as indicated by statistics of bank debits, was somewhat greater, the cheques cashed in the first two months of the present year having been \$5,896 million against \$5,630 million one year ago.

A marked increase in economic activity since the outbreak of war, especially in the betterment of the employment of manpower resulted in an advance in the national income and consequently in the national power of saving money. The national income of Canada rose to \$4,784 million in 1940, recording a gain of \$375 million over the \$4,409 million established in the preceding year. The tentative estimate of national income in the first two months of this year was \$835 million. This was 9.2 p.c., or \$69 million above the level in the same period of 1940. The standing in 1940 was higher than in any similar period in the last ten years. The estimate of real income, obtained by adjusting for price changes, was greater in 1940 than in any other year in history. The real income based on prices for 1926 was \$5,090 million in 1940, compared with the previous maximum of \$5,022 million in 1928.

Canada, being one of the chief producing centres of war supplies for Britain, has experienced a marked economic development since the outbreak of hostilities. The expansion was principally of an industrial character, arising in large measure from war contracts.

The index of mineral production on the base of 1935-9 was nearly 124 in the first two months of the present year against 112.5 in the same period twelve months ago, a gain of slightly more than 10 p.c. The expansion in gold mining was appreciable, the output having been 873,000 fine ounces against 774,000, a gain of nearly 13 p.c. Shipments of silver by Canadian mining companies recorded decline, while the gain in coal production was 2 p.c.

Canada is being turned into an arsenal of the Empire where war equipment is being produced on a large and increasing scale, in factories that are exempt from the risks of aerial bombing. The effect of this important stimulus on economic activity is evident in many aspects of national life, the advance in productive operations, extending over nearly a decade without important interruption, resulted in a new maximum.

The index of manufacturing production averaged 138 in the first two months of the present year, showing a gain of 10.3 p.c. over 125.1 in the same period of 1940. Marked expansion has been shown in some industries, while minor declines were recorded in others. The slaughtering of hogs was the feature in the activities of the meat-packing industry, the number having shown an increase of 39 p.c. over the early months of last year. Steel ingot production recording a gain of 17 p.c., reflected the heavy demand for metal for war purposes.

Already, because of the war, Canada has attained an importance among the nations of the world such as it could not have attained in generations. The outbreak of the war in 1939 was the signal for increased production as fear of future shortages brought increased demands for commodities. Extensive markets for the products necessary to the prosecution of the war developed quickly and industrial operations expanded rapidly to provide supplies in support of the allied cause and are still increasing as fast as the country's capacity of production will permit. Some industries have transferred their activities from peace-time requirements to filling war contracts. The automobile production has shown acceleration due to this type of transfer. The production of cars and trucks of all descriptions during the first two months of the present year was nearly 47,000 units against 35,000 a year ago, a gain of 32.5 p.c. The imports of crude rubber, indicating expansion in the manufacture of tires, was 15.6 p.c. greater at 21.6 million pounds. Petroleum imports recorded a minor increase in the same comparison.

The influence of the war has extended to practically every phase of life in Canada. Economic forces have a vital part in the struggle. Industries have been drawn into a broad-scale development to fill our own needs as far as possible and to supplement Britain's output. The volume of business operations will probably increase steadily until a condition of maximum production is reached thereby bringing into employment not only all who would be considered employable, but others who would not be working ordinarily for wages and salaries. Dislocations are bound to occur as a result of concentration of effort on production for war purposes, but this should have no substantial effect on our total economy. Even greater stimulation may be expected until this country is adequately armed and the United Kingdom supplied with all the materials which may be required from the Dominion.

Construction contracts awarded during the first two months of the present year were \$51.3 million against \$20.6 million in the early months of 1940, a gain of nearly 149 p.c. The increase in building permits issued by fifty-eight municipalities was of a more moderate character.

Following the decline of about two years, wholesale prices rose sharply for the last four months of 1939, subsequent to the outbreak of war, showing a tendency towards steadiness in the first half of 1940. The advance was continued in a moderate way during later months. The net result was an average gain in the index of nearly 9 p.c. in 1940 over the preceding year.

Considerable variation was shown in the movement of common stocks and high-grade bond prices. The former strengthened upon the outbreak of war and were fairly well maintained until May and June when a marked reaction occurred reflecting the influence of adverse military operations in France. The subsequent rally was of moderate proportions and the level of common stock prices remained greatly below the inter-war trend. High-grade bond prices reacted sharply in the first month of the war, but an appreciable recovery followed, counterbalancing, in large measure, the decline of September, 1939.

The sum of the demand and notice deposits held by the banks showed considerable fluctuation during 1940. High levels were reached on two occasions but heavy payments for war loans led to reaction. A new high level was reached at the end of February, 1941, when the amount was no less than \$2,738 million. Bank debits, the best measure of the flow of money, rose more than 12 p.c. in 1940 over the preceding year. This result was achieved despite the marked inactivity in stock and grain speculation. The total amount of payments by cash and cheque was estimated at \$44.2 billion in 1940, compared with \$39.6 billion in the preceding year.

The year 1940 witnessed an unprecedented expansion in industrial employment in the Dominion, and a continuation and intensification of the upward movement since its inception late in 1939. The industrial activity indicated during the year under review raised the employees of the co-operating establishments by almost one-fifth, a proportion greatly exceeding that shown in any other twelve months for the twenty years for which information is now available. During the first two months of 1941, the employment index, on the base of 1926, was nearly 135 against 114.7, in the same period of 1940, a gain of 17.6 p.c. Manufacturing recorded a gain of 22 p.c. while building construction was nearly 117 p.c. greater.

Canada is now passing through a very eventful period during which business is influenced by numerous world developments as well as by a number of important domestic factors. It cannot be denied that even in war time there is a considerable solidarity in the social economy and any spectacular development in one section is quite certain to influence the others. Marked changes are characteristic of a war economy. The expansion in the early part of the year was effected without undue dislocation and after twenty months of war we find that the general business of the country is not greatly disturbed and that in the main progress toward improved conditions has been maintained.

Statistics Illustrating the Economic Situation of Canada for the first two months
of 1941, Compared with the same period of 1940

Item	Unit or base period	First Two Months		Percent Increase + Decrease -	
		1941	1940		
<u>National Income, based on tentative</u>					
Commodity Producing (monthly compilation)	\$000	834,998	764,959	+	9.2
Commodity Handling	\$000	412,015	348,980	+	18.1
Facilitating	\$000	172,401	167,504	+	2.9
	\$000	250,582	248,475	+	0.8
<u>General Economic Situation</u>					
Index of Physical Volume of Business	1935-9=100	128.3	111.2	+	15.4
Index of Industrial Production	1935-9=100	141.7	120.4	+	17.7
Wholesale Prices	1926=100	83.7	82.7	+	1.2
Index of Common Stock Prices	1935-9=100	68.9	90.6	-	24.0
Capitalized Bond Yields, Dominion	1935-9=100	104.0	97.5	+	6.7
Mining Stock Prices	1935-9=100	77.2	98.6	-	21.7
Bank Debits	\$000	5,896,321	5,629,552	+	4.7
<u>Production and General Business</u>					
Mineral Production	1935-9=100	123.9	112.5	+	10.1
Gold Receipts	Fine Ozs.	873,482	774,039	+	12.8
Silver Shipments	Fine Ozs.	2,828,020	3,107,534	-	9.0
Coal Production	Tons	3,225,844	3,159,756	+	2.1
Manufacturing Production	1935-9=100	138.0	125.1	+	10.3
Flour Production (Jan.)	Bbls.	1,177,369	1,266,303	-	7.0
Sugar Manufactured	Lbs.	81,234,157	87,886,708	-	7.6
Cattle Slaughtering	No.	199,782	197,186	+	1.3
Hog Slaughtering	No.	1,068,818	768,985	+	39.0
Cigarettes released	No.	1,180,089,922	1,134,960,611	+	4.0
Cigars released	No.	26,026,071	21,094,418	+	23.4
Leather Boots and Shoes (Jan)	Pairs	1,759,526	1,945,394	-	9.6
Raw Cotton Consumption	Lbs.	32,283,582	31,601,104	+	2.2
Paper and Lumber -					
Newsprint Production	Tons	506,905	482,855	+	5.0
Exports of Planks and Boards	M ft.	316,833	285,195	+	11.1
Iron and Steel -					
Steel Ingot Production	Long Tons	359,001	306,839	+	17.0
Pig Iron Production	Long Tons	194,250	191,735	+	1.3
<u>Automobile and Allied Industries -</u>					
Automobile Production, Cars and Trucks	No.	46,905	35,406	+	32.5
Petroleum Imports	000 Gals.	118,463	114,619	+	3.4
Crude Rubber Imports	Lbs.	21,595,715	18,679,104	+	15.6
<u>Construction -</u>					
Contracts Awarded	\$	51,284,400	20,613,600	+	148.8
Building Permits 1/	\$	8,294,707	7,262,878	+	14.2
Electric Power Production	000 K.W.H.	5,041,763	4,893,174	+	3.0
<u>External Trade - (X)</u>					
Exports	\$	189,484,993	163,167,908	+	16.1
Imports	\$	188,014,090	142,145,698	+	32.3
Excess of exports over imports	\$	1,470,903	21,022,210	-	
<u>Railways -</u>					
Carloadings	No.	446,069	409,374	+	9.0
Gross Revenue C.N.R. (All Lines)	\$	34,727,000	35,324,491	-	1.7
Gross Revenue C.P.R.	\$	28,792,000	24,160,000	+	19.2
<u>Employment - 3 months' average unadjusted -</u>					
General Index	1926=100	134.9	114.7	+	17.6
Manufacturing		146.9	120.4	+	22.0
Logging		250.6	214.7	+	16.7
Mining		168.5	166.7	+	1.1
Construction		82.8	60.8	+	36.2
Building		107.3	49.5	+	116.8
Highway		80.5	80.4	+	.1
Trade		151.2	140.4	+	7.7
<u>Banking - Two months' average -</u>					
Notice and Demand Deposits	\$	2,707,905,100	2,511,304,104	+	7.8
Current Loans	\$	1,002,547,760	969,032,254	+	3.5
Call Loans - Canada	\$	34,880,477	52,170,005	-	33.1
Security Holdings	\$	1,732,486,767	1,645,924,932	+	5.3

(X) Excluding gold.
1/ 58 Municipalities.

Forty three
items show advances
while eight record declines.

11-D-01

CANADA
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first quarter of 1941

compared with the same period of the

preceding year

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

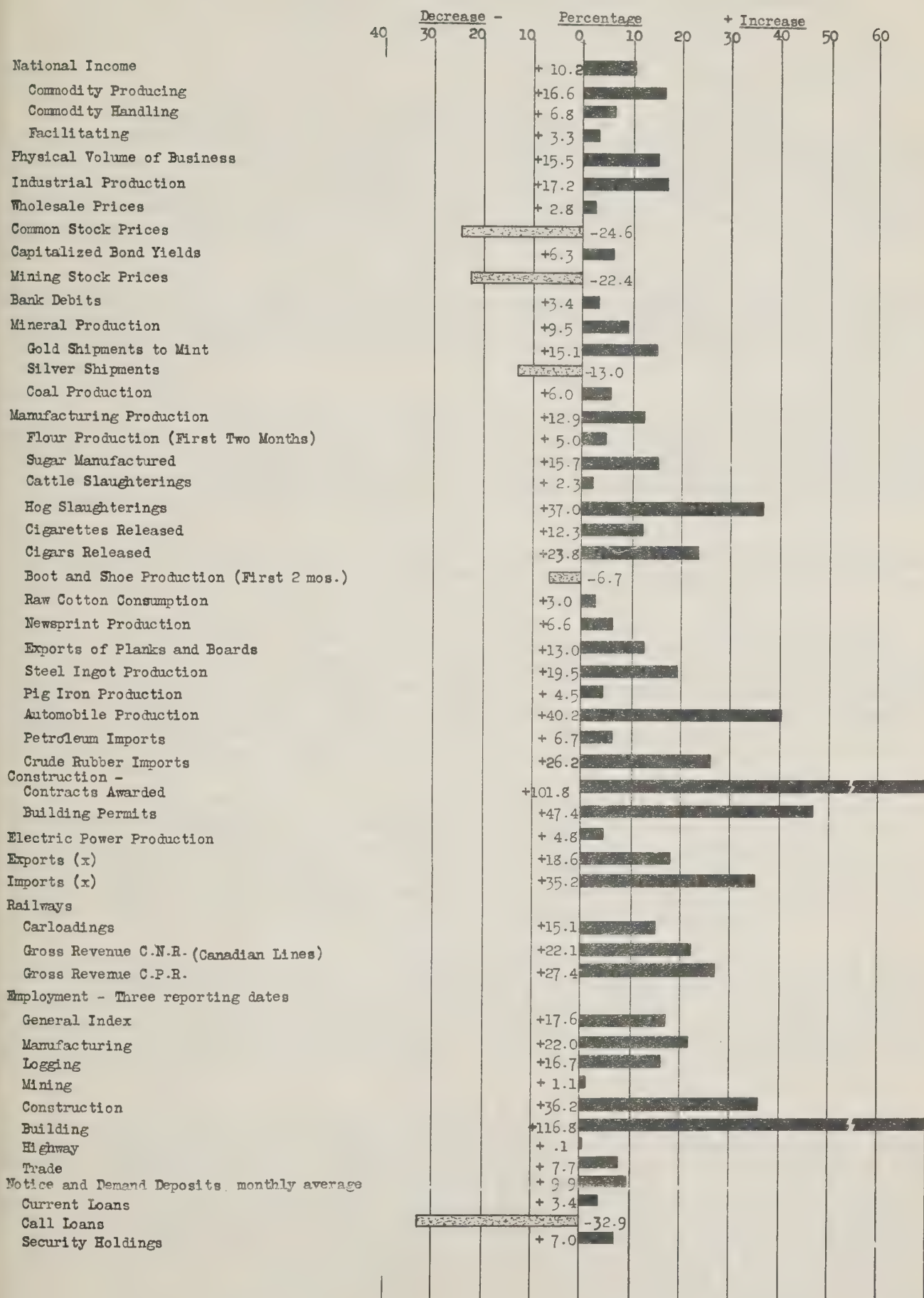
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OTTAWA

1941

Price \$1 a year

The Economic Situation in Canada
in the First Three Months of 1941
as compared with
the same period of 1940.



(x) Excluding gold.

- Dominion Bureau of Statistics -

Five items recorded declines, while forty-six showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA

GENERAL STATISTICS BRANCH

Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST QUARTER OF 1941.
COMPARED WITH THE SAME PERIOD OF LAST YEAR

Owing mainly to the accelerating influence of participation in the war, the national income of Canada according to a preliminary estimate rose to \$1,248 million in the first quarter of the present year against \$1,133 million in the same period of 1940. The gain of 10 per cent was largely occasioned by expansion in the commodity-producing activities, although appreciable gains were also shown in the commodity handling and facilitating divisions.

During the first quarter, the "real" income of Canada obtained by adjusting the money income to allow for price changes was at a higher rate than in the same period of any other year. The "real income" calculated in this way was at the rate of \$5,111 million for the year against \$5,022 million, the maximum of the last prosperity cycle reached in 1928.

Business operations recorded a gain of about 15½ per cent in the first quarter of the present year over the same period of 1940. The index of the physical volume of business averaged 126.6 against 109.6 one year before. Wholesale prices were slightly higher while a considerable decline was recorded in stock prices. The bond market averaged higher than in the early months of last year.

The use made of bank deposits indicated by statistics of bank debits was somewhat greater, cheques cashed in the first quarter of the present year having been \$8,319 million against \$8,042 million one year ago.

The national income is the net value of goods produced and services rendered during a given period. An alternate definition is the sum of the positive or negative savings of enterprises and the income payments to individuals resident in Canada, including salaries and wages, workmen's compensation, pensions, dividends, interest, rentals and withdrawals of working proprietors. Statistics of production and of income payments are thus essential in estimating the national income.

During the twenty years covered by the estimates recently compiled, commodity production contributed to the national income a yearly average of \$1,972 million, compared with \$954 million derived from the transportation and trade activities, and \$1,316 million from the finance, government and service divisions. It is surprising to find that more than thirty per cent of the national income was derived from activities other than the production and distribution of commodities.

As income payments to individuals constitute the principal flow of money, the importance of these payments to the economy is readily realized. The money flow from producers to consumers is received as a return for work in the form of wages and salaries, as a return from investments in the form of dividends, interest and rents or as the withdrawals of working proprietors representing a return from both work and investment.

The total flow of income payments to consumers amounted to an average of \$4,002 million per year during the inter-war period. The average during the second decade was \$3,939 million as against \$4,065 million in the first, a decline of only \$126 million or about 3 p.c. Adjusting the sum of payments of different descriptions for changes in the cost of living, the annual average during the first ten years of the period was \$3,942 million. The yearly average with a similar adjustment during the second half of the period under review was \$4,607 million, a gain of no less than 16.9 p.c. Thus the income recipients had more purchasing power placed at their disposal in the later half of the period than in the first. A counterbalancing factor, however, was the considerable increase in the population and in the number of income claimants.

The compensation of employees, including pensions and relief, accounted over the twenty years for nearly 62 p.c. of the total distribution, while less than 14 p.c. was paid in the form of dividends, interest and rents. The share of the working proprietors averaged nearly 25 p.c.

It is estimated that slightly more than one-third (34.4 p.c.) of the population were gainfully occupied on a full-time basis during the inter-war period. As the growth of the population was more rapid, the proportion engaged in productive enterprise was considerably less during the later part of the period than in the years immediately following the last war. Even from 1929 to 1929, the proportion receded from 38.6 p.c. to 37.3 p.c. but the important shift came in the later decade with a percentage of only 32.9 in 1938. This relative increase in the idle population has a significant bearing upon the problem of the potential manpower for war activities.

Variations in the provincial contributions to national income are due to (a) long-term factors such as the proximity of transportation facilities, the composition of the population and the advantages gained by priority of settlement and development; (b) short-term influences bound up with the diversity and adaptability of economic activity. Fluctuations tend to be extreme in an area dominated economically by a very few industrial groups. During the twenty years under review, nearly 63 p.c. of the total income payments in the Dominion were received by the residents of Ontario and Quebec. Each of the four western provinces received from 6.9 p.c. to 8.5 p.c., while the combined receipts of the Maritime Provinces amounted to 7.2 p.c. of the whole.

The importance of consumer purchasing power in the modern economy has become a topic of general interest during the last few years. Canadians have at their command an abundance of natural resources and considerable capacity to convert their natural wealth into useful goods and services. Industry, however, must produce the particular goods and services which consumers desire to purchase and must make the particular capital investment required to provide for future consumption demands. It should be known what incomes the nation's consumers receive and how they are realized.

Surveys conducted by the Bureau demonstrate the variability in the percentage of expenditures for particular commodities at different levels of income and consequent fluctuation in the relative demand for food, fuel, household operation and transportation.

The fluctuation in national income is mainly due to changes in capital formation, international credits, including exports of gold and merchandise, deficit financing of governments, and in the outstanding money supply. As Canada's participation in war on approximately the present basis has led to expansion in each of these lines, marked increase was consequently shown in the national income from the outbreak of hostilities.

War contracts alone to end of March amounted to \$1,523.8 million on Canadian and United Kingdom account.

Exports of merchandise reached \$292.5 million in the first quarter of 1941 and the net exports of non-monetary or new gold were \$53.6 million. Corresponding totals in the preceding year were \$246.6 million and \$50.2 million, respectively.

Dominion government expenditures exceeded revenues by \$395 million in the fiscal year ended March 31, 1941, while the net increase in active loans and investments was \$387 million. A marked increase in expenditures is anticipated for future months.

The Canadian money supply rose to \$3,082 million during 1940, against the previous maximum of \$2,838 million established in 1939. 1/

The fluctuations in the national income of Britain, United States and Canada were somewhat similar, the British curve recording an upward trend during the period of observation. Estimates of per capita income during the last few years indicate that the United States, Britain and Australia top the list, while Canada occupies an intermediate position.

1/ Annual Report of Bank Debits and Equation of Exchange, 1940.

Dominion Bureau of Statistics, 24 pages, including 11 Tables and 5 Charts.

Statistics Illustrating the Economic Situation of Canada for the first three months of 1941.

Compared with the same period of 1940.

Item	Unit or base period	First Three Months		Increase + Decrease %
		1941	1940	
<u>National Income (Tentative Compilation)</u>				
National Income (Tentative Compilation)	\$000	1,248,285	1,132,610	+ 10.2
Commodity Producing	\$000	613,212	525,905	+ 16.6
Commodity Handling	\$000	259,813	243,304	+ 6.8
Facilitating	\$000	375,260	363,401	+ 3.3
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	126.6	109.6	+ 15.5
Index of Industrial Production	1935-9=100	139.0	118.6	+ 17.2
Wholesale Prices	1926=100	85.2	82.9	+ 2.8
Index of Common Stock Prices	1935-9=100	68.2	90.5	- 24.6
Capitalized Bond Yields, Dominion	1935-9=100	104.1	97.9	+ 6.3
Mining Stock Prices	1935-9=100	76.5	98.6	- 22.4
Bank Debits	\$000	8,319,432	8,042,213	+ 3.4
<u>Production and General Business</u>				
<u>Mineral Production</u>				
Mineral Production	1935-9=100	123.5	112.8	+ 9.5
Gold Receipts	Fine Ozs.	1,300,324	1,129,610	+ 15.1
Silver Shipments	Fine Ozs.	4,349,745	5,002,356	- 13.0
Coal Production	Tons	4,754,947	4,484,470	+ 6.0
<u>Manufacturing Production</u>				
Manufacturing Production	1935-9=100	137.7	122.0	+ 12.9
Flour Production (First 2 Mos.)	Bbls.	2,639,556	2,513,101	+ 5.0
Sugar Manufactured	Lbs.	142,081,560	122,751,496	+ 15.7
Cattle Slaughtering	No.	316,640	309,591	+ 2.3
Hog Slaughtering	No.	1,572,734	1,148,393	+ 37.0
Cigarettes released	No.	1,872,762,385	1,668,313,084	+ 12.3
Cigars released	No.	38,951,447	31,460,608	+ 23.8
Leather Boots and Shoes (First 2 Mos.)	Pairs	3,802,146	4,075,419	- 6.7
Raw Cotton Consumption	Lbs.	49,087,582	47,661,320	+ 3.0
<u>Paper and Lumber -</u>				
Newsprint Production	Tons	782,674	734,134	+ 6.6
Exports of Planks and Boards	M ft.	486,643	430,646	+ 13.0
<u>Iron and Steel -</u>				
Steel Ingot Production	Long Tons	554,482	464,165	+ 19.5
Pig Iron Production	Long Tons	296,288	283,507	+ 4.5
<u>Automobile and Allied Industries -</u>				
Automobile Production, Cars and Trucks	No.	72,949	52,018	+ 40.2
Petroleum Imports	000 Gals.	181,124	169,704	+ 6.7
Crude Rubber Imports	Lbs.	31,232,029	24,755,771	+ 26.2
<u>Construction -</u>				
Contracts Awarded	\$	65,276,300	32,339,700	+ 101.8
Building Permits 1/	\$	14,686,160	9,962,830	+ 47.4
Electric Power Production	000 K.W.H.	7,673,572	7,319,331	+ 4.8
<u>External Trade - (X)</u>				
Exports	\$	292,480,254	246,633,048	+ 18.6
Imports	\$	295,996,312	218,879,594	+ 35.2
Excess of exports over imports	\$	- 3,516,058	27,753,454	-
<u>Railways -</u>				
Carloadings	No.	695,767	604,480	+ 15.1
Gross Revenue C.N.R. (Canadian Lines)	\$	54,530,000	44,648,171	+ 22.1
Gross Revenue, C.P.R.	\$	45,412,000	35,638,000	+ 27.4
<u>Employment - 3 months' average unadjusted -</u>				
General Index	1926=100	134.9	114.7	+ 17.6
Manufacturing		146.9	120.4	+ 22.0
Logging		250.6	214.7	+ 16.7
Mining		168.5	166.7	+ 1.1
Construction		82.8	60.8	+ 36.2
Building		107.3	49.5	+ 116.8
Highway		80.5	80.4	+ .1
Trade		151.2	140.4	+ 7.7
<u>Banking - Three months' average -</u>				
Notice and Demand Deposits	\$	2,722,994,795	2,477,757,577	+ 9.9
Current Loans	\$	1,006,786,435	974,075,474	+ 3.4
Call Loans - Canada	\$	34,957,108	52,060,640	- 32.9
Security Holdings	\$	1,743,659,921	1,630,293,194	+ 7.0

(X) Excluding gold. Five items showed declines.
 1/ 58 Municipalities. While 46 showed advances.

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first four months of 1941

compared with the same period of the

preceding year

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

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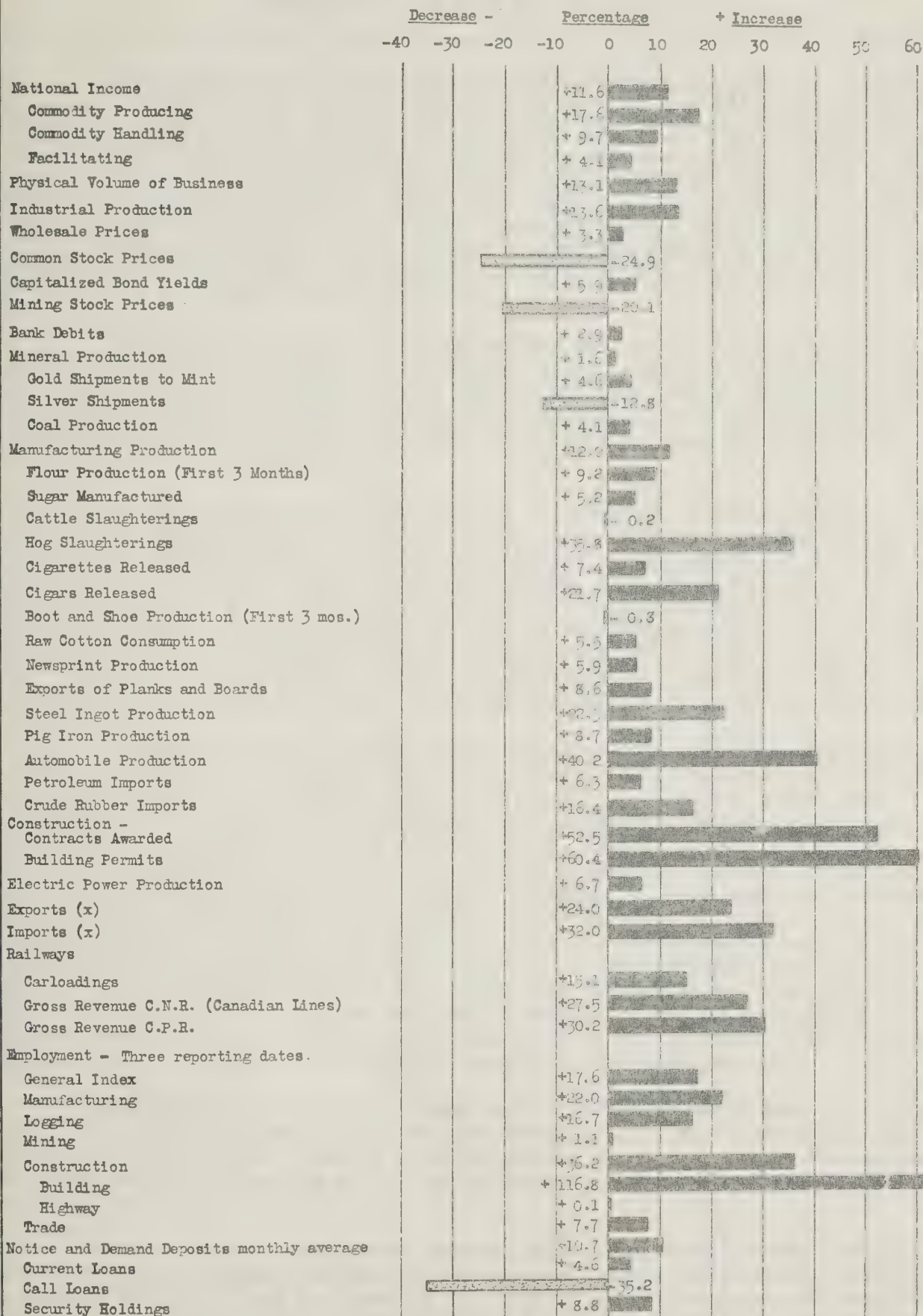
OTTAWA

1941

Price \$1 a year

The Economic Situation in Canada
in the First Four Months of 1941

As compared with
the same period of 1940.



(x) Excluding gold.

- Dominion Bureau of Statistics -

Six items recorded declines, while forty-three showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA

GENERAL STATISTICS BRANCH

Dominion Statistician:
Chief, General Statistics Branch:

R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FOUR MONTHS OF 1941.
COMPARED WITH THE SAME PERIOD OF LAST YEAR.

The expansion in economic activity was reflected in a gain of 11.6 per cent in the national income during the first four months of 1941 over the same period of the preceding year. The total was \$1,683 million in the elapsed portion of the present year against \$1,508 million. The greatest increase was recorded in the commodity producing activities, the total having been \$828 million against \$704 million in the first four months of last year, a gain of 17.6 per cent. The gains in the commodity handling and facilitating divisions amounted to 9.7 per cent and 4.1 per cent respectively. The national income, the best measure of economic activity, rose 15.8 per cent in April over the same month of last year, the standing having been \$434.7 million against \$375.3 million in the same month a year ago.

The index of the physical volume of business on the base of 1935-1939 = 100, was 126.9 during the first four months against 112.2, a gain of slightly more than 13 per cent. The increase in wholesale prices was 3.3 per cent, while a decline of nearly 25 per cent was shown in common stock prices. High-grade bond prices were at a considerably higher level, while an increase of nearly 3 per cent was shown in the amount of cheques cashed in clearing centres.

The main components of the index of the physical volume of business recorded gains in this comparison. The increase in the index of mineral production was about two points to 123.1. Manufacturing production measured by the official index rose 12 per cent to 138.4. Construction contracts awarded rose from \$58.2 million to \$88.8 million. The gain in electric power production was from 9.7 billion kilowatt hours to 10.4 billion, a gain of 6.7 per cent. The advances in exports and imports were 24 per cent and 32 per cent, respectively. The railway traffic movement was 15 per cent greater at 947,000 cars. The sum of the notice and demand deposits rose 10.7 per cent to \$2,751 million. Advances were also shown in current loans and security holdings of the chartered banks.

As income payments to individuals constitute the principal money flow, the importance of these payments to the economy is readily realized. Money flow is in the main of a circular nature, the same dollars repeating the circuit time after time. The chief measurable flow of money is from producers to consumers in the form of consumer income. This money is received as a return for work in the form of wages and salaries, as a return from investments in the form of dividends, interest and rents, or as the withdrawals of working proprietors representing a return from both work and investment. The disposal of the income either for services and the purchase of commodities for consumption or for investment leading to the expansion of plant and equipment, makes up the other segment of the circular flow. Both processes go on simultaneously and neither precedes the other as a necessary condition of production. Government is regarded as an enterprise rendering a wide variety of services in return for the taxes received. The money obtained through the sale of government securities is in a somewhat similar category to the borrowings of corporations for plant expansion and other purposes.

The individual's power of demand and consequent control over the economic activity of society is distributed and exercised approximately in proportion to the comparative magnitude of the income, or, to express it more strictly, in proportion to the magnitude of that portion of his income which is left at his disposal after the payment of taxes.

The savings of enterprises whether positive or negative measures the disparity between the income produced defined as the national income and payments to individuals. The savings of enterprises are normally positive in prosperous years and negative in depression. Such organizations normally retain a portion of their net revenues in prosperous periods for the purpose of capital expansion or maintenance of dividends and interest payments when operations are less profitable. Governments strengthen their position by the reduction of outstanding obligations and in other ways. Rigidities, for example in the form of essential miscellaneous expenses and fixed charges, and heavier social obligations in the case of government, usually result in negative savings during less propitious years.

When the thirty enterprises are regarded as a unit, it is observed that savings of enterprises were mainly positive during the first decade, the only exception having been in 1921. Payments to individuals were greater than income produced from 1930 to 1925, inclusive when the position took a turn for the better. Savings of enterprises are subject to extreme variation, ranging from \$495 million in 1928 to a negative amount of \$557 million in 1932. The cumulative gains in the first decade were nearly counterbalanced in the second, the algebraic sum of savings for the twenty years amounting to only \$3.4 million per annum.

The close conformity with general business conditions is evident by a comparison with other strategic factors. Providing it were possible to compute savings on a monthly basis, the information would be useful in the interpretation of economic conditions. Savings, positive or negative, are in themselves a highly important consideration in shaping policies. A large negative saving in an economy, dependent upon the stimulus of the profit incentive is a potent factor in accentuating a depression, while positive savings have the opposite significance in a period of recovery.

Following is a summary of the tendencies of positive and negative savings of the twelve main groups by decades. Savings were positive for most groups during the first decade and negative in the second, although several exceptions to the general rule are noted. Excellent savings were retained by agriculture, manufactures, trade and government during the first decade, while in the second negative savings were appreciable in agriculture, transportation and government. Care must be taken not to confuse the term "savings" used here with the common notion of business profits and losses. An enterprise retains a positive "savings" when it pays out in salaries and wages, interest, dividends and other types of income received by individuals an amount smaller than the margin between its gross intake from industrial operations and the cost of materials, overhead and depreciation. On the other hand, an enterprise experiences a loss or negative savings when the amount of its payments to various income recipients is greater than that margin. Measurements are affected by the various methods of accounting practice. Considerable uncertainty also exists as to the distribution of withdrawals of working proprietors and savings.

In return for their participation in the production of goods and services, individuals receive compensation either in money or kind. If such money receipts and the value of perquisites are added, the resulting total constitutes the aggregate income payments to individuals. During any period the value of the end-product is rarely exactly equivalent to the compensation paid to the several agencies engaged in any given productive process. Consequently the national income and aggregate payments to individuals are normally somewhat unequal.

As these types of income represent largely the compensation of various groups in the economic system, the importance of changes in the distribution will be fully recognized. Information as to the proportion of total income to each of the various factors of production at different periods is of considerable value in the interpretation of the structure of the Canadian economy.

The total flow of income payments to consumers amounted to an average of \$4,002 million per year during the inter-war period. The average during the second decade was \$3,939 million as against \$4,065 million in the first, a decline of only \$126 million or 3 p.c. The minor setback in income payments as contrasted with the drop of more than 11 p.c. in the national income was due to the marked variation in savings of enterprises. Income payments owing to heavy negative savings averaged \$176 million per year more than income produced in the second decade due to heavy negative savings while payments to individuals were \$383 million per annum less than income produced in the first decade. The nineteen-year trend of the index of income payments on the base of 1926 was minus 2.39 per year compared with minus 0.84 for the index of national income.

A rough test of the magnitude of cyclical fluctuations is given by the percentage changes between typical years. The decline in income payments from 1929 to 1933 was more than 33 p.c., while the recovery from that low point to 1937 was nearly 31 p.c. The corresponding changes in the national income on a realized basis were a decline of 46 p.c. and a rise of 55 p.c. respectively indicating the greater sensitivity of the more inclusive total. The standard deviation of the index of income payments at 10.09 against 13.82 for income produced, tells a similar story with mathematical precision.

It must be recognized that the total of income payments is nothing but the sum of innumerable separate incomes of individuals. This sum cannot be directly expressed in any measure giving the bulk, weight or number of the commodities or services, of which the incomes consist. It may only be reported in number of dollars arrived at as the aggregate amount of all incomes. It often happens that the share of a participant is increased by something which makes no difference or at least only a slight difference to all of the other participants. The various incomes are to a large extent independent of each other.

Also it should not be forgotten that the division between labour and property does not by itself settle the relative position of the owners and the workers. Much depends upon the number of persons who share the various types of income. The individual workers may be better off in comparison with the individual owners over a period when they are receiving in the aggregate a lesser proportion of the total. During the inter-war period the share of wage-earners and property claimants increased contrasting with a minor decline in the relative position of the working proprietors. It is evident however, that the owners of such property as existed in our early history did not receive as large a proportion of the whole income as they do today. The relative position of the individual owner depends, of course, upon the diffusion of the ownership.

Reviewing the twenty-year period, the compensation of employees, including pensions and relief, accounted for nearly 62 p.c. of the total distribution, while less than 14 p.c. was paid in the form of dividends, interest and rents. The share of the working proprietors averaged nearly 25 p.c. The decline in the share of the last category was the most striking feature. Labour's share including other labour income rose from about 60 p.c. in the first decade to 63.3 p.c. in the second while the relative gain in property income was from 12.8 p.c. to 14.7. The share of the working proprietors dropped from 27.2 p.c. to 22.0 p.c., the income of farmers and other primary producers showing a considerable setback from the relatively favourable position of the first decade.

An advancing inter-war trend was shown by other labour income including relief, as well as by bond interest and dividends. A declining trend was recorded in withdrawals and the sum of rentals and mortgage interest. Salaries and wages showed a slightly declining trend, while the proportion to income payments as a whole showed an increase in the second decade over the first.

Salaries and wages represent from one angle the greatest share in the distribution of the value which is produced in commerce and industry, and from another the greatest single factor in the purchasing power which represents consumers' demand for these values. Over the period under review employees as a whole have taken in payment for their services an average of about 58 p.c. of the total income payments. In some industries the proportion has been much greater. It is estimated that in the period from 1919 to 1938, for instance, the workers in manufactures received 81.8 p.c. of the total income payments of that industry, those in transportation 71.3 p.c., in trade 65.1 p.c., and in service 60.6 p.c. Earnings thus represent by all odds the largest single share in income payments.

Similarly, such earnings represent the largest share in purchasing power. This follows directly from the fact that they constitute the major proportion of all income. But the significance of wages as factors in consumers' demand for the products of industry is more direct because most of the wage-earners' income is usually spent for such products. The residue left for investment is normally of small proportions. In the higher income groups a much larger proportion of income is saved, and consumption may be delayed in periods when investment is restricted. Wages and salaries are the main income of the low per capita income groups. A change in earnings is directly reflected in the revenues of the lower income groups.

- 4 -
 Statistics Illustrating the Economic Situation of Canada for the first four
 months of 1941.

Compared with the same period of 1940.

Item	Unit or base period	First Four Months		Increase + Decrease -	
		1941	1940		
<u>National Income (Tentative Compilation)</u>					
National Income	\$000	1,682,983	1,507,919	+	11.6
Commodity Producing	\$000	823,141	704,052	+	17.6
Commodity Handling	\$000	351,003	319,882	+	9.7
Facilitating	\$000	503,839	483,985	+	4.1
<u>General Economic Situation</u>					
Index of Physical Volume of Business	1935-9=100	126.9	112.2	+	13.1
Index of Industrial Production	1935-9=100	139.1	122.5	+	13.6
Wholesale Prices	1926=100	85.6	82.9	+	3.3
Index of Common Stock Prices	1935-9=100	67.6	90.0	-	24.9
Capitalized Bond Yields, Dominion	1935-9=100	104.2	98.4	+	5.9
Mining Stock Prices	1935-9=100	76.1	95.2	-	20.1
Bank Debts	\$000	11,303,598	10,930,000	+	2.9
<u>Production and General Business</u>					
Mineral Production	1935-9=100	123.1	121.2	+	1.6
Gold Receipts	Fine Ozs.	1,685,812	1,611,605	+	4.6
Silver Shipments	Fine Ozs.	5,831,226	6,683,104	-	12.8
Coal Production	Tons	5,968,997	5,736,660	+	4.1
Manufacturing Production	1935-9=100	138.4	123.5	+	12.0
Flour Production (First 3 Mos.)	Bbls.	4,116,229	3,770,135	+	9.2
Sugar Manufactured	Lbs.	192,032,236	182,461,630	+	5.2
Cattle Slaughtering	No.	476,520	477,544	-	0.2
Hog Slaughtering	No.	2,113,242	1,556,644	+	35.8
Cigarettes released	No.	2,489,228,042	2,317,045,441	+	7.4
Cigars released	No.	54,868,737	45,089,055	+	21.7
Leather Boots and Shoes (First 3 Mos.)	Pairs	6,104,432	6,150,899	-	0.8
Raw Cotton Consumption	Lbs.	66,202,531	62,747,235	+	5.5
Paper and Lumber -					
Newsprint Production	Tons	1,062,670	1,003,081	+	5.9
Exports of Planks and Boards	M ft.	629,296	579,605	+	8.6
Iron and Steel -					
Steel Ingot Production	Long Tons	755,162	617,616	+	22.3
Pig Iron Production	Long Tons	399,614	367,717	+	8.7
Automobile and Allied Industries -					
Automobile Production, Cars and Trucks	No.	100,533	71,705	+	40.2
Petroleum Imports	000 Gals.	261,046	245,569	+	6.3
Crude Rubber Imports	Lbs.	36,901,246	31,690,594	+	16.4
Construction -					
Contracts Awarded	\$	88,843,500	58,244,700	+	52.5
Building Permits 1/	\$	27,238,418	16,981,166	+	60.4
Electric Power Production	000 K.W.H.	10,366,925	9,718,053	+	6.7
External Trade - (X)					
Exports	\$	410,905,304	331,325,726	+	24.0
Imports	\$	402,264,731	304,859,113	+	32.0
Excess of exports over imports	\$	+ 8,640,573	+ 26,466,613	-	
Railways -					
Carloadings	No.	947,320	823,382	+	15.1
Gross Revenue C.N.R. (Canadian Lines)	\$	75,667,000	59,344,171	+	27.5
Gross Revenue, C.P.R.	\$	62,067,000	47,682,000	+	30.2
Employment - 3 months' average unadjusted -					
General Index	1926=100	134.9	114.7	+	17.6
Manufacturing		146.9	120.4	+	22.0
Logging		250.5	214.7	+	16.7
Mining		168.5	166.7	+	1.1
Construction		82.5	60.8	+	35.2
Building		107.3	49.5	+	116.8
Highway		80.5	80.4	+	.1
Trade		151.2	140.4	+	7.7
Banking - Four months' average -					
Notice and Demand Deposits	\$	2,751,125,976	2,484,352,485	+	10.7
Current Loans	\$	1,003,129,244	964,121,958	+	4.6
Call Loans - Canada	\$	34,030,413	52,552,417	-	35.2
Security Holdings	\$	1,762,834,132	1,620,672,066	+	8.8

(X) Excluding gold.
 1/58 Municipalities.
 Six items showed declines, while
 forty-five recorded advances.

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first five months of 1941

compared with the same period of the

preceding year

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

+ + +

OTTAWA

1941

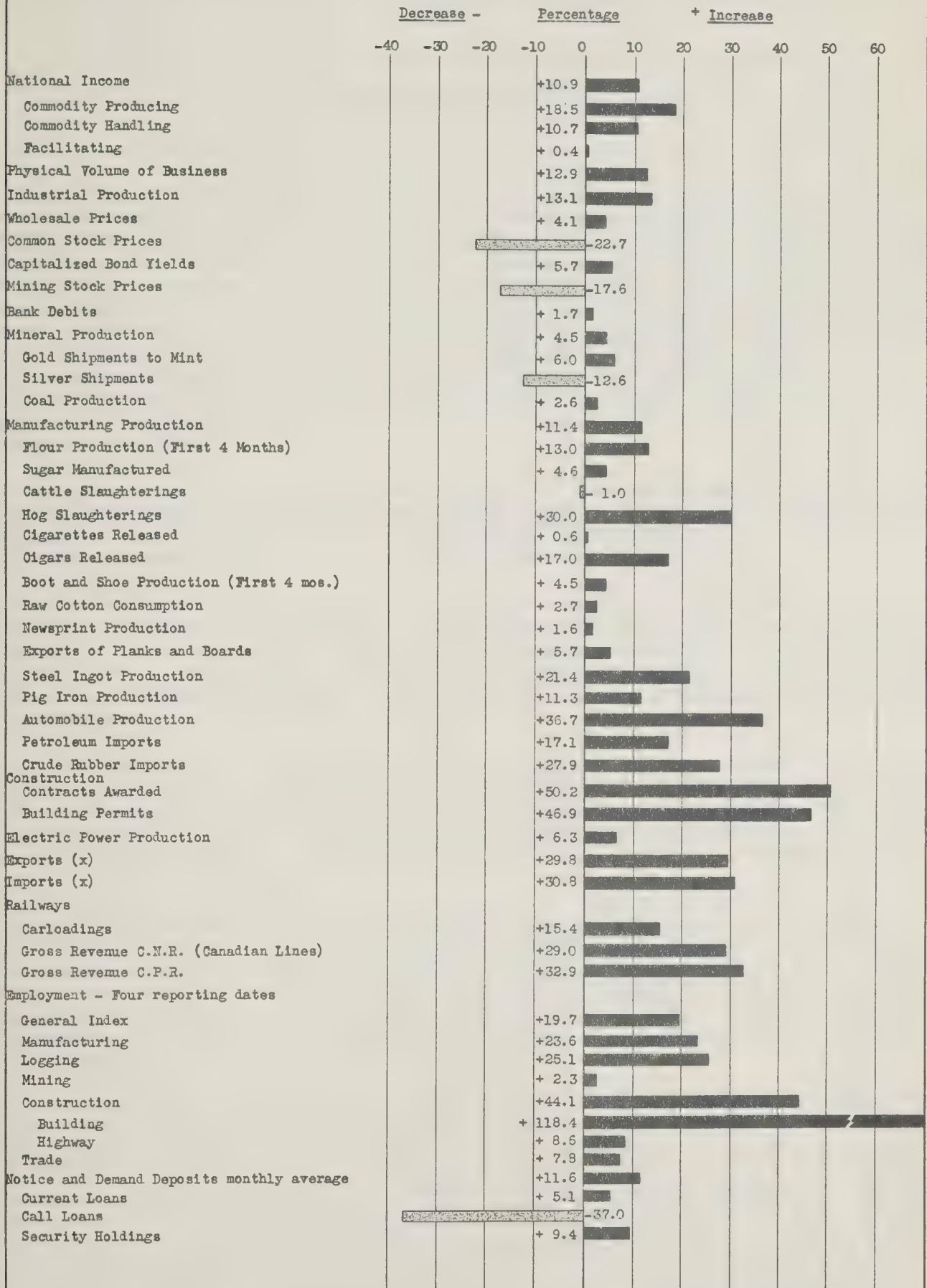
Price \$1 a year

The Economic Situation in Canada

in the First Five Months of 1941

As compared with

the same period of 1940.



(x) Excluding gold.

- Dominion Bureau of Statistics -

Five items recorded declines, while forty-six showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA

GENERAL STATISTICS BRANCH

Dominion Statistician:	R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Chief, General Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIVE MONTHS OF 1941

COMPARED WITH THE SAME PERIOD OF LAST YEAR.

The most comprehensive measure of the economic improvement due to the war effort is that afforded by the national income, the measure of the net production of commodities and services by all private and public enterprises. A tentative compilation indicates that the national income was \$2,120 million in the first five months against \$1,910 million in the same period of 1940, a gain of 10.9 p.c. Since the major share of defense activity was concerned with industrial materials and equipment, the expansion of national income was featured by the commodity-producing industries. These industries, comprising nine main branches, provided a net value product of \$1,045 million in the period under review, a gain of 18.5 p.c. over the first five months of 1940. Because price increases were relatively slight, being limited to 4.1 p.c. a large part of the improvement in national income resulted from an increase in the quantity of commodities and services produced.

The expansion in economic activity since 1939, and especially the rise in employment, resulted in a marked increase in the national income, and consequently in the national power of saving. These figures indicate a record national money income for 1941, well in excess of the best pre-depression years.

Fundamental factors indicating the trend of economic conditions averaged much higher in the first five months of the present year than in the same period of 1940. The feature of the period was the high level of productive operations, the official index being about 128 as compared with 113 in the same period one year ago. The gain of 13 p.c. represented advances throughout the greater part of the economic activities of the Canadian people.

A minor advance was also recorded in wholesale prices. Recent indexes indicated that the intermediate high point of 1937 has now been exceeded. Immediately upon the outbreak of hostilities, wholesale prices showed a marked advance, which has been extended by a more moderate upward trend commencing twelve months ago. The index of commodity prices on the base of 1926, averaged 86.2 in the first five months of 1941 against 82.8, a gain of 4.1 p.c.

Bond prices were remarkably steady during the first five months of the present year. Subsequent to the sharp reaction in the first month of war time, Dominion bonds have shown a considerable rally, terminating about the first of the year. Since that time the market has been steady at a level somewhat above the long-term trend for the period since the end of the last war. Despite the high level of business activity during the first half of 1940, common stock prices and speculative activity were at extremely low levels.

The expansion in business operations was practically general throughout the Canadian economic system. Mineral production recorded a further advance over the high level of 1940. Gold receipts at 2,133,000 fine ounces recorded a gain of 6 p.c., and a minor advance was shown in coal production. The participation in the war effort from the material side was indicated by the expansion in manufacturing production. The index on the base of 1935-1939 was practically 139 compared with 124.7 one year ago. The meat-packing industry was particularly active, hog slaughtering recording an increase of 30 p.c. to nearly 2.6 million head. Steel production at 961,000 long tons was more than 21 p.c. greater than in the early months of 1940, while the output of pig iron rose 11 p.c. to 513,000 tons. The automobile production, including military vehicles, was 127,000 against 93,000 in the like period of last year, a gain of nearly 37 p.c. The imports of crude petroleum and crude rubber rose 17 p.c. and 28 p.c., respectively.

The construction industry has shared in the prosperity of the current period. The new business obtained by the industry during the first five months of 1941 was \$129.7 million against \$86.3 million in the same period of one year ago, a gain of 50 p.c.

A barometer of industrial activity in Canada was the growth in export trade. The total, exclusive of gold, rose from \$442 million to \$574 million in the period under review, a gain of nearly 30 p.c. The advance in imports, testified to the large quantities of commodities required in the war effort. The total was \$530 million against \$405 million in the same period of 1940, a gain of 30.8 p.c. The excess of exports over imports was \$43.2 million against \$36.7 million. The distribution of commodities and the handling of war materials has added greatly to railway traffic. The increase in this comparison was more than 15 p.c. to 1,223,000 cars. The gains in the gross revenue of the two main railway systems ranged around 30 p.c.

The Economic Background

Already, due to the war, Canada has attained an importance among the nations of the world such as could not otherwise have been reached for generations. The outbreak of hostilities in 1939 was the signal for increased production, due to the development of extensive markets for commodities necessary for the prosecution of the war..

During the last four months of 1939, this transformation from a peace-time economy was merely in its initial stages. Since then, it has become the primary issue in Canada's economic life. The physical volume of business increased by about 35 p.c. in the first five months of 1941 over the same period of 1939, setting an all-time record. Nearly all the labour classed as "employable" in normal times is now at work, along with a considerable number who would not ordinarily be working for salaries and wages. This latter reserve, composed of people "employable" only in an emergency like the present, will be drawn on further as the volume of business operations increases, until a condition of maximum production is reached. Canadian industry must be constantly stimulated until the Dominion is adequately armed, and the United Kingdom supplied with sufficient materials.

War contracts were at the basis of the economic expansion of the period, an advance which reached new levels during the first part of 1941. The Department of Munitions and Supply and its two predecessor purchasing bodies placed contracts, on Canadian and British account, amounting to more than \$1,700 million. Capital commitments, representing the investment in new plants and equipment, together with expansion of existing plants, totalled \$511 million. Of this amount 26 p.c. was invested under British auspices and 35 p.c. under Canadian, the remainder being on joint account. The latter amount, included allotments to companies owned and administered by the Crown, and also financial support for the production of semi-finished commodities to meet a variety of war needs.

AGRICULTURE

Although agricultural expansion was less marked last year than in some other important lines of production, progress was still considerable. In time of war, a beautiful crop is especially valuable, since large quantities of farm produce are required for the fighting forces, as well as for the population in allied countries.

An index of agricultural output rose from 104.4 in 1939 to 111.3, the highest standing in any year since 1928. The latest official estimate of the 1940 wheat crop was 551.4 million bushels. This total exceeded the heavy production of 1939 by 30.8 million bushels, and was the second largest crop in Canadian history. The crop, added to the carryover of about 300 million bushels on July 31 created a storage problem which at first caused some anxiety. The visible supply on June 20, 1941 stood at 470.1 million bushels against 279.9 million in the preceding year. Export clearances were 151.7 million against 139.6 million in the corresponding weeks of the preceding crop year.

The oat crop showed a slight recession at 380.5 million bushels, gains being recorded in flax and barley. The production of potatoes rose about 6 million cwt to 42.3 million. The gross value of field crops, estimated at \$651.2 million, was 5 p.c. less than the \$685.8 million computed for 1939, but higher than that recorded for any other year since 1930.

Agriculture contributes to the war effort by meeting Britain's requirements for bacon, cheese, evaporated milk, and canned fruits and vegetables. The British Ministry of Food asked for 8,176,000 lb. of bacon weekly until October 31. Hog marketings in 1940 were 5½ millions, an increase of nearly 49 p.c. over 1939. The Ministry also ordered 112 million pounds of cheddar cheese in the twelve months following April 1, 1941, and one million cases of evaporated milk, 48 one-pound tins to the case, to be delivered in the present fiscal year.

Cash income from the sale of farm products was \$714.7 million in 1940, as compared with \$702.8 million in 1939. This total figure was the highest since the record of \$922.3 million, established in 1929. The increase over the preceding year, however, was balanced by slightly increased labour costs and somewhat higher prices for necessities. Cash sales in the prairie provinces during the first quarter of the present year were estimated at \$64.2 million against \$43.1 million in the same period of 1940. A continuance of the high level was indicated for the second quarter.

FORESTRY

All indications point to an excellent year for the pulp and paper industry in 1941. The output of newsprint and fine paper increased considerably and plants were operating on a basis nearer to capacity than for some years. Newsprint production during the first five months of 1941 was 1,347,437 tons, representing an increase of 1.6 per cent over the 1,326,644 tons produced during the corresponding period of 1940. In April 1941, however, the unused capacity of the newsprint mills, currently in operation amounted to nearly 22 per cent of their total effective capacity. Present prospects are that a good deal of this capacity will remain unutilized throughout 1941. Exports of planks and boards for the first five months of the year under review recorded a 5.7 per cent increase over the similar period of the preceding year.

These increases, admittedly, are largely due to the war situation, which has virtually eliminated the Scandinavian and German newsprint exports that formerly competed with Canadian tonnage. As the competitive exports had averaged 700,000 tons per year in the three preceding years, the demand in the United States for the Canadian product expanded sharply. For the first three months of 1941, American imports of European newsprint were less than a tenth of the total for the corresponding period of the preceding year. This, in turn, had been approximately a quarter of the amount imported during the first three months of 1939. Total newsprint consumption by American publishers, on the other hand, showed a 3.7 per cent increase in the first four months of the year under review over the corresponding period of 1940. While the total increase in shipments of Canadian newsprint for the first five months of 1941 as compared with the similar months of 1940 was 2.5 per cent, the increase in shipments to the United States was undoubtedly much greater.

The lumber industry affords an example of how Canadians can better utilize their abundant resources, and thus conserve foreign exchange for the purchase of war necessities. The forest industries tend to distribute Canadian population and Canadian economic activity more evenly and more widely than either agriculture or mining.

MINING

The mining industry is contributing heavily to Canada's war effort, while maintaining its uninterrupted advance over the last fifteen years. During 1940, total mineral production reached an all-time record of \$529.2 million. A further increase was noted during the first five months of 1941, the index rising 4.5 p.c. over the corresponding period of 1940.

The upward trend in gold production which had prevailed in 1940 was continued in the first five months of 1941, a gain of 6.0 p.c. being recorded over the same period last year. The price of gold remained steady at \$38.50 per fine ounce. Silver shipments, however, fell off by 12.6 p.c. for the period under review as compared with the first five months of 1940.

In the fuels group, the upward trend in coal production continued, the gain for the first five months of 1941 over the same period of the preceding year having been 2.6 p.c. Employment in the mining industry showed a gain of 2.3 p.c. as compared with the corresponding period of 1940.

ELECTRIC POWER

The large increase in electric power production was due mainly to the acceleration in mining and industrial operations. Any apprehension as to shortage of power was allayed by the concerted action of the governments of Canada and the United States toward further development in the St. Lawrence basin. Additional power made available for Ontario would be one million horse power from the St. Lawrence waterway development, 100,000 h.p. from the Nipigon river and 200,000 from Niagara.

New water-power installation during 1940 was about 300,000 horse power, bringing total hydraulic development as of January 1, 1941 to 8,584,000 horse power. The larger of the two new stations brought into operation during the year was the 178,000 h.p. plant of the St. Maurice Power Co. at La Tuque, Quebec. Another

development was the 7,500 horse power Hollow Bridge plant of the Avon River Power Co. on Black River in Nova Scotia. The larger additions to existing plants included a 53,000 h.p. unit installed in the Beauharnois station on the St. Lawrence River and two units of 25,000 h.p. each in the West Kootenay Power, Light Co., Upper Bonnington Station in British Columbia. Work was commenced on the construction of the Barrett chute development on Madawaska river about five miles above Calabogie village, the plant to have a rated capacity of 56,000 h.p.

These installations brought the development to considerably more than four times the standing at the end of 1914 when Canada engaged in the last war. Canada's water power is fortunately located in fairly close proximity to her manufacturing centres, her largest mineral deposits and pulpwood supplies.

Production in the first five months was 13.17 million kilowatt hours against 11.50 million in the same period of 1939. The output of firm power for use in Canada recorded a much greater gain.

MANUFACTURING

The industrial activity of the Dominion has been on a steadily rising tempo, the index of manufacturing production advancing more than 43 p.c. in the first five months of the present year over the same period of 1939. Canada has been turned into an arsenal of Empire where war equipment is produced on a large scale in factories that are exempt from the risks of aerial bombing.

The increase in the number employed over the first four months of 1939 was no less than 41 p.c. It is probable that approximately half of the persons employed in manufacturing in the Dominion are now engaged more or less directly on production associated with war-time needs. This concentration is manifested in unprecedented high levels in the working forces of the iron and steel, non ferrous metal, electrical apparatus and supply and chemical industries, although the acceleration also extends to most other lines of manufacturing. The production of ships, aircraft and the various classes of land vehicles has reached a stage where a definite shortage of labour is envisaged, a situation which has necessitated the mobilization of the training resources of the Dominion.

Manufacturing is a great cooperative undertaking, making the three-fold alliance of the primary producers, the makers of finished products and the consumer. In time of war the manufacturing industry is even more cooperative, for it provides the sinews that lead us to victory. It becomes a concentration of energy leading to one definite goal, the supplying of the armed forces with all that they require for winning the war. The cooperation of the manufacturer in a democratic world becomes overwhelming in its strength when it has been geared to full wartime production.

The expansion in the primary iron and steel industry was typical. The output of steel ingots and castings rose from 472,000 short tons in the first five months of 1939 to 961,000 in the same period of the present year. The advance in the production of automobile cars and trucks including military vehicles was to 127,000 against 79,000 in the same months of the last peace-time year.

CONSTRUCTION

The speeding up of production resulting from Canada's increasing war effort has brought about a notable expansion in almost every part of the Canadian economy. The construction industry participated fully in the betterment of economic conditions during the period. It was the policy of the government to rely first of all upon existing plants for securing supplies of munitions. As existing equipment proved inadequate the magnitude of extensions and new construction became an index of Canada's participation in the war effort. This expansion is taking place upon the initiative of and the plants are retained by the Dominion government.

The statistics of contracts placed during the first five months reflect this transformation, the total being about 123 p.c. greater than in the same period of 1939. The main classes of construction directly concerned with Canada's war effort showed expansion in 1940. Contracts placed for public buildings amounted to \$57.9 million against \$9.9 million in the preceding year. Industrial plants, mainly as the result of war demands, mounted from \$22.8 million to \$121.8 million. Engineering

projects despite the marked reduction in highway construction rose about \$10 million to \$52.0 million and buildings for commercial purposes expanded from \$55 million in 1939 to \$104.6 million.

TRANSPORTATION

Transportation also is playing an important part in Canada's war effort. A transport controller was appointed to co-ordinate the movement of war supplies and ordinary commercial traffic, and assist in the even flow of raw materials to factories and finished products to destination and export outlets.

Railway gross earnings for the first four months of 1941 were \$151.4 million. This represented an increase of 27 p.c. over the first four months of the preceding year. Both rail and water traffic during 1940 were heavier than in any year of the last decade. Revenue freight carried by railways amounted to 97,531,000 tons last year compared with 84,180,000 tons in 1939, a gain of nearly 16 p.c. Large increases were recorded in coal, lumber, building materials, iron and steel, automobiles, paper and wood pulp but total agricultural products, due largely to wheat, showed a decline. This expansion was maintained during the first two months of 1941, which recorded a 12 p.c. increase over the corresponding period of 1940. Shipments of iron and steel and of forest products continued the advance.

Traffic through the Welland Ship Canal reached a new high record at 12,900,000 tons in 1940, an increase of 10 p.c. over the previous record made in 1939, the increases in coal, ore, sand and gravel, gasoline oils, pig iron, more than offsetting the decrease of 1,059,000 tons of grains and other agricultural products. Freight passing through the Canadian and United States locks at Sault Ste-Marie also was the heaviest since 1929 amounting to 89,858,000 tons, mostly iron ore and coal between United States ports.

Air transportation continued to expand, the number of revenue passengers carried increasing to 137,690 compared with 110,862 in 1939 and the average length of the journey increasing from 197 to 279 miles. Freight carried, which is largely to and from the northern mines, dropped from 21,253,364 to 16,686,214 pounds, but the mail carried increased from 1,900,000 pounds in 1939 to 2,737,000 pounds.

DOMESTIC TRADE

The highest level of industrial activity in Canadian history, with expanding payrolls, higher wages and generally increased purchasing power, supplied an important stimulus to retail trade. A combination of influences led to a marked increase in retail purchases. While the gains were general for all classes of merchandise the advance was at first most marked in durable consumers goods. The marked gain in these levels was attributable both to replacements delayed for some years and also to buying in anticipation of shortages in imported products. The increase in retail sales was due to a gain in the quantity of goods sold as well as to a rise in price levels. The index of retail food prices averaged 10.6 per cent greater in the first four months of 1941 than in the same period of the last peace-time year while the dollar sales of grocery and meat stores rose 23 p.c. in the same comparison. An increase of 14 p.c. in retail clothing prices compares with gains of 43 p.c. and 41 p.c. in dollar sales of men's and women's clothing stores, respectively.

Dollar sales of wholesale merchants in the first four months of 1941 exceeded the total of the same period of 1939 by 37 p.c. This increase was considerably greater than that recorded by retail dealers. Greater dollar returns from wholesale commerce were general in all trades and in the five economic areas. The automotive equipment and hardware trades recorded the largest gains amounting to 63 p.c. and 66 p.c. each. The increase recorded in wholesale grocery dollar sales was 30 p.c. It was stated to be partly due to higher wholesale prices, which, in the early part of 1941, increased about 17 p.c. over 1939. In the dry goods trade the wholesale dollar transactions increased by 45 p.c. partly due no doubt to price increases. The gain in the actual volume of wholesale transactions in these important fields, as distinct from price rises, was therefore considered to have been pronounced over the same period of the last peace-time year.

EXTERNAL TRADE

Canadian prosperity has always been dependent to a large extent on the export trade which is particularly vital to the economy of Canada. Abundant natural

resources encourage the production of a considerable number of commodities far in excess of the normal requirements of the domestic market. There are conversely products, especially raw materials, difficult or impossible to produce in this country and necessary importation of these products encourages an exchange of goods in international markets. The export of merchandise, excluding gold, was \$573.6 million in the first five months of 1941 against \$372.8 million in the same period of 1939, a gain of 54 p.c.

As imports were \$530.4 million in the first five months of the year, the excess of exports over imports was greatly reduced from the standing two years ago. The loss of export markets on the continent of Europe during the first year of war was more than offset by expansion in the purchases of other countries.

As the Canadian population increases and the facility for distribution, improves, the range of goods that may be efficiently manufactured for the home market is being constantly widened. As industry has developed, a striking trend has been the ever increasing importation of raw materials, not native to Canada, for manufacture to meet our own requirements. This is in contrast to the importation of finished products from other countries which in earlier years was the rule.

The great growth in our trade during the current period has been a wartime phenomenon. The war has created an urgent but temporary demand from abroad for Canada's metals and manufactured goods, while large quantities of commodities required in the war effort have been imported.

BANKING

The notice deposits of the chartered banks attained a new maximum in the spring of 1941, reflecting the accumulation of funds in preparation for the purchase of the Victory loan, offered during June. The amount at the end of May was \$1,695.2 million, a gain of more than \$52 million over the same date one year ago. Commercial loans recently passed the billion-dollar mark, the total on May 31 having been \$1,031.8 million. The strong liquid position of the banks in recent years, buttressed by the operations of the Bank of Canada, has facilitated the expansion of credit required in connection with the war effort.

The public note circulation denoting the chartered bank and Bank of Canada notes outstanding other than the holdings of the chartered banks, has shown a steady increase since 1932. The total on April 30 was \$362 million contrasting with an average of \$294, million in 1940. The total money supply including deposits averaged \$3,082 million last year, the maximum in banking history.

Notwithstanding the inactivity on speculative exchanges cash and cheque payments were estimated at \$44,211 million in 1940, a higher level than in any of the preceding nine years with the single exception of 1936. The total during May was estimated at \$4,208 million against \$4,198 million in the same month of 1940. The expansion in banking operations was a counterpart of the acceleration of the war effort, implying advances in commodity prices and in the volume of production.

BUSINESS INDEX

The outstanding economic development of recent months is the spectacular advance in business operations. The index of the physical volume of business averaged 127.9 during the first five months of 1941 as against 113.3 in the corresponding period of 1940, a gain of 12.9 p.c. The above index for the early months of 1940 was approximately equal to the peak reached in 1929, during the last prosperity period. The advance since that time carries the index into new high territory.

The producers' goods industries, in which the expansion of the initial war months was well maintained, were responsible for the greater part of the increased industrial activity in the period under review. The index for the production of capital goods rose 20.4 p.c. over the first five months of 1940, as compared with a 4.4 p.c. rise in the consumers' goods index over the corresponding period.

Wholesale prices recorded a rise of 4.1 p.c. for the initial five months of 1941 over the similar period of the preceding year, thus maintaining the gradual upward movement which marked the later stages of 1940.

Capitalized bond yields recorded a gain of 5.7 p.c. as compared with the first five months of last year. The index for the production of capital goods rose 20.4 p.c. over the first five months of 1940, as compared with a 4.4 p.c. rise in the consumers' goods index over the corresponding period.

Statistics illustrating the Economic Situation of Canada for the five months
of 1941, compared with the same period of 1940.

Item	Unit or base period	First Five Months		Increase+ Decrease -
		1941	1940	
<u>National Income (Tentative Compilation)</u>				
National Income	\$000	2,119,559	1,910,893	+ 10.9
Commodity Producing	\$000	1,045,489	882,360	+ 18.5
Commodity Handling	\$000	442,327	399,534	+ 10.7
Facilitating	\$000	631,743	628,999	+ 0.4
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	127.9	113.3	+ 12.9
Index of Industrial Production	1935-9=100	139.9	123.7	+ 13.1
Wholesale Prices	1926=100	86.2	82.8	+ 4.1
Index of Common Stock Prices	1935-9=100	66.9	86.6	- 22.7
Capitalized Bond Fields, Dominion	1935-9=100	104.2	98.6	+ 5.7
Mining Stock Prices	1935-9=100	75.1	91.1	- 17.6
Bank Debits	\$000	14,569,470	14,320,106	+ 1.7
<u>Production and General Business</u>				
Mineral Production	1935-9=100	126.6	121.1	+ 4.5
Gold Receipts	Fine Ozs.	2,133,248	2,013,036	+ 6.0
Silver Shipments	Fine Ozs.	7,288,601	8,339,123	- 12.6
Coal Production	Tons	7,167,252	6,982,494	+ 2.6
Manufacturing Production	1935-9=100	138.9	124.7	+ 11.4
Flour Production (First 4 Mos.)	Bbls.	5,777,126	5,114,428	+ 13.0
Sugar Manufactured	Lbs.	263,580,726	276,339,768	+ 4.6
Cattle Slaughtering	No.	638,736	645,084	- 1.0
Hog Slaughtering	No.	2,599,892	2,003,096	+ 30.0
Cigarettes released	No.	3,143,560,602	3,125,320,761	+ 0.6
Cigars released	No.	71,256,024	60,883,499	+ 17.0
Leather Boots and Shoes (First 4 Mos.)	Pairs	8,539,711	8,172,648	+ 4.5
Raw Cotton Consumption	Lbs.	82,705,181	80,502,187	+ 2.7
Paper and Lumber -				
Newsprint Production	Tons	1,347,437	1,326,644	+ 1.6
Exports of Planks and Boards	M ft.	782,052	739,828	+ 5.7
Iron and Steel -				
Steel Ingot Production	Long Tons	961,272	792,033	+ 21.4
Pig Iron Production	Long Tons	513,238	460,971	+ 11.3
Automobile and Allied Industries -				
Automobile Production, Cars and trucks	No.	127,118	92,982	+ 36.7
Petroleum Imports	000 Gals.	460,563	393,344	+ 17.1
Crude Rubber Imports	Lbs.	49,437,563	38,651,615	+ 27.9
Construction -				
Contracts Awarded	\$	129,719,100	86,338,500	+ 50.2
Building Permits 1/	\$	39,972,042	27,214,302	+ 46.9
Electric Power Production	000 K.W.H.	13,172,319	12,389,620	+ 6.3
External Trade - (X)				
Exports	\$	573,567,943	442,089,373	+ 29.8
Imports	\$	530,360,701	405,395,950	+ 30.8
Excess of exports over imports	\$ +	43,207,242 +	36,693,423	-
Railways -				
Carloadings	No.	1,223,477	1,060,351	+ 15.4
Gross Revenue C.N.R. (Canadian Lines)	\$	98,974,000	76,722,171	+ 29.0
Gross Revenue, C.P.R.	\$	81,343,000	61,194,000	+ 32.9
Employment - 4 months' average unadjusted -				
General Index	1926=100	136.5	114.0	+ 19.7
Manufacturing		149.7	121.1	+ 23.6
Logging		229.5	183.5	+ 25.1
Mining		169.9	166.1	+ 2.3
Construction		87.2	60.5	+ 44.1
Building		111.0	48.6	+ 118.4
Highway		86.8	79.9	+ 8.6
Trade		150.6	139.7	+ 7.8
Banking - Five months' average -				
Notice and Demand Deposits	\$	2,760,972,200	2,484,352,435	+ 11.6
Current Loans	\$	1,012,856,489	964,121,957	+ 5.1
Security Holdings	\$	1,772,750,880	1,620,672,067	+ 9.4
Call Loans - Canada	\$	33,115,646	52,552,667	- 37.0

(X) Excluding gold. 1/58 Municipalities.

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first half of 1941

compared with the same period of the

preceding year

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

+ + +

OTTAWA

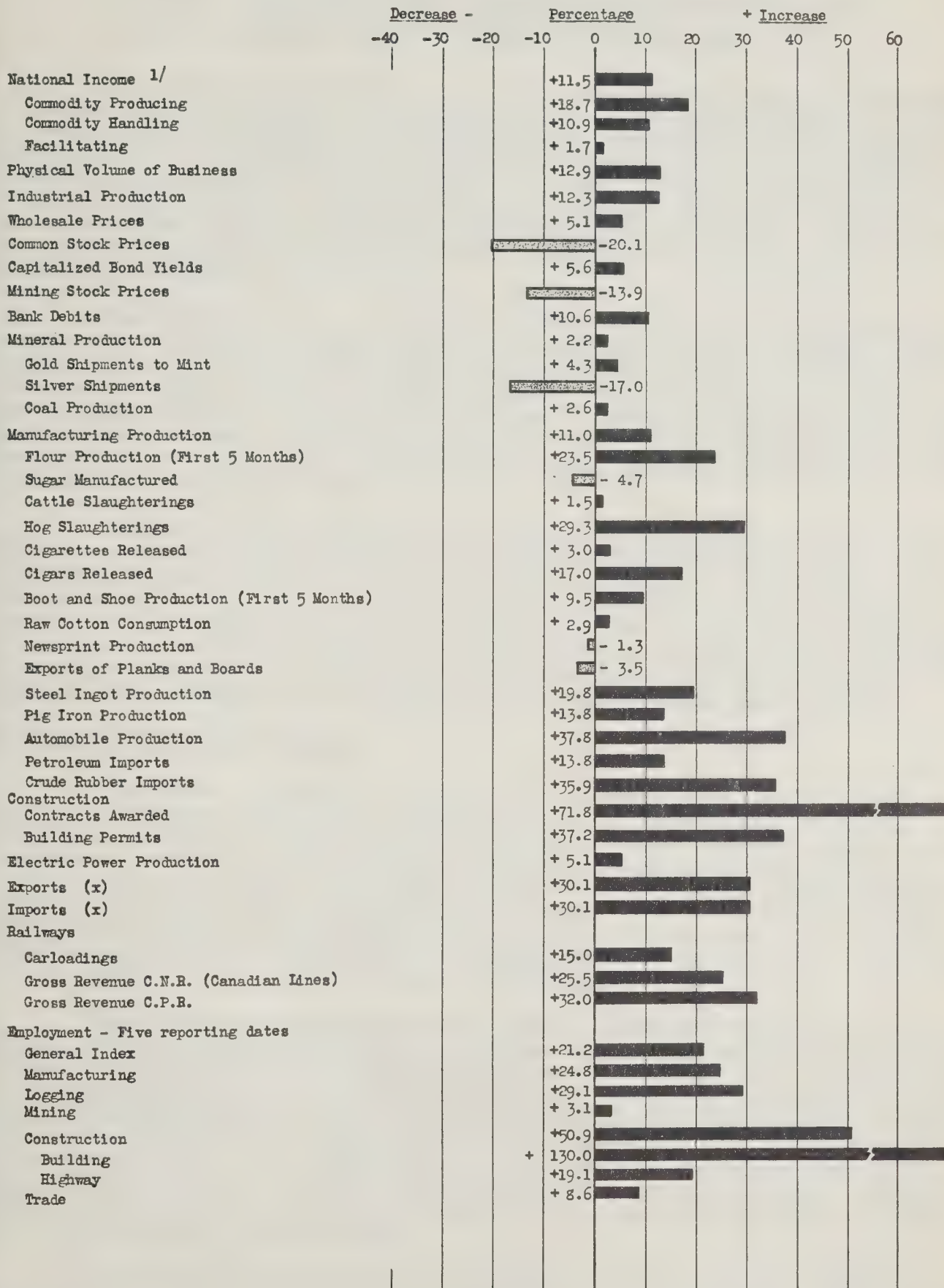
1941

Price \$1 a year

The Economic Situation in Canada

in the First Six Months of 1941

As compared with
the same period of 1940



(x) Excluding gold.

1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditure.

- Dominion Bureau of Statistics -

Six items recorded declines, while forty-one showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Dominion Statistician:
Chief, General Statistics Branch:

R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SIX MONTHS OF 1941
COMPARED WITH THE SAME PERIOD OF LAST YEAR

The national income for the first six months of 1941 reflected the sustained industrial stimulus of the war. The total for the period was \$2,557 million, or 11.5 per cent greater than the figure of \$2,292 million recorded for the corresponding period of 1940. The industries concerned with the direct production of commodities contributed \$1,263 million, 18.7 per cent in advance of the total one year ago. Commodity handling industries also recorded a substantial gain of 10.9 per cent, the rise in the "facilitating" division being relatively small. The price rise over the period, which was 5.1 per cent is, therefore, responsible for less than half the increase in the national income total.

The physical volume of business index for the first half of 1941 was 129.2, representing an increase of 12.9 per cent over the first six months of 1940. The index of industrial production over the period stood at 141.5, recording a very similar increase of 12.3 per cent over the preceding year. Wholesale prices advanced 5.1 per cent to 86.8. Common stocks at 66.4 were 20.1 per cent below the figure for the corresponding period of 1940. Capitalized bond yields at 104.1, were 5.6 per cent above the total for the preceding year. Bank debits were at an extremely high level, recording a gain of 10.6 per cent over 1940.

Mineral production posted a minor advance over 1940, rising 2.2 per cent to 126.5. The official index of manufacturing production stood at 139.2, 11 per cent higher than for the corresponding period of the preceding year. Construction contracts rose steeply from \$125.4 million to \$215.5 million, an increase of 71.8 per cent. Electric power production for the period under review was 15.7 billion kilowatt hours, 5.1 per cent higher than for the preceding year. Exports and imports recorded identical gains of 30.1 per cent. Carloadings for the first six months of 1941 totalled 1,495,000 representing a 15 per cent gain over the corresponding period of 1940.

Withdrawals of Working Proprietors.

The process of production, interpreted in a broad sense, is the centre of the nation's activities. The creative influences consist of man himself, the active principle in production, and the material environment which he uses or works upon in the enterprise. The human forces are broadly divisible, according to their functioning, into two groups, employees and working proprietors or enterprisers. The latter group occupies the pivotal position in the economic system. Their function is to initiate productive activities, co-ordinating labour and capital into a combination for the production of goods and services. They are responsible for the employment of men and capital, engaging them in profitable ways of meeting human needs.

Withdrawals of working proprietors occupy an intermediate position between the remuneration of employees and that of owners. The average annual income received by enterprisers during the inter-war period totalled \$987 million against \$2,465 million paid to the employee class and \$550 million received by owners of property of different types. Withdrawals were about 24.7 per cent of total income payments during the entire period. This compared with 58.3 per cent in salaries and wages and 3.32 per cent in other labour income. The so-called property income amounted to 8.3 per cent in dividends and bond interest, and 5.4 per cent in rentals and mortgage interest. The proportion of dividends and interest was reduced by the considerable payment to external holders of securities issued in Canada.

Withdrawals vary greatly from one industrial group to another. They assume greatest importance in agriculture, service and trade. The withdrawals of the farmers of Canada during the inter-war period were estimated at \$510.5 million per year, or nearly 52 per cent of the total for all industries. The service group, including those engaged in professional activities, distributed 17.7 per cent, while trade occupied third place with a distribution of 14 per cent. Other groups, notably construction, manufactures and the primary industries, paid considerable amounts to their working proprietors in the form of withdrawals. Such income was estimated for each of the

twelve major groups except electric power and Government. The dividing line between the working proprietor, on the one hand, and the corporate officer and member of the board of directors on the other is not clearly drawn, but the aim of the present report is to restrict withdrawals to the unincorporated section of productive activities. Withdrawals, consequently, are important for but a few of the industrial groups included in the country's economic system. Most industries are organized largely on the principle of separation of ownership from active participation in the process of production.

The prosperity of enterprisers over a period is dependent on conditions in the main industries from which the income is derived. The severe depression in primary industries, notably agriculture, accounted mainly for the declining trend of withdrawals during the last twenty years. The setback in the grand total from the first decade to the second amounted to about 21.5 per cent, the average of \$1,106 million having declined to \$868 million in the 'thirties. Among the commodity-producing activities, advance in mining, manufactures and repair work failed by a wide margin to counter-balance the declines in other industries. The reduced return for the personal activities of farmers made up a large part of the general decline. The withdrawals of the trade group declined 19 per cent from \$153 million per year to \$123.5 million. Financial activities are mainly carried on by incorporated companies, withdrawals in relatively small amount being calculated for real estate and stock and bond brokers. The rise in the return to professionals and working proprietors in "other service" was contrary to the prevalent trend. In view of these developments, withdrawals were of less relative importance as an income flow in the second decade than in the first, the decline being from 27 per cent of income payments to 22 per cent. The decline in the inter-war trend was 2.48 points of the index per year. The relative drop was greater than in salaries and wages or in the sum of rentals and mortgage interest, while other labour income, interest and dividends showed a rising trend.

Other Labour Income

The marked variability of other labour income is mainly due to the inclusion of government war gratuities and direct relief. The payment of workmen's compensation and pensions of various classes is more regular from year to year. Payments during the second decade averaged \$171 million against \$95 million in the first. The inter-war trend of the index showed an increment of 8.68 points per year. Owing to the heavy payments of war gratuities during 1919 and the **extraordinary** disbursements subsequent to 1930, the standard deviation reached the high mark of 87.60. The index of "other labour income" on the base 1926 was 426.3 in 1919, reached a low point of 97 in 1925 and then climbed to 328 in 1937.

The proportion of other labour income to total income payments was 7.2 per cent in 1919, receded to as low as 1.6 per cent in 1926 and then rose to 6.2 per cent in 1934. In the first year after the war, payments were \$289 million while a minimum of \$66 million was reached in 1925. The total rose to \$221 million in 1935, when direct relief was disbursed in large amounts.

When other labour income is combined with salaries and wages to make up the total remuneration of the employee class, an important alteration is noted in regard to the relative importance. The proportion going to the class in 1919 was about 60 per cent instead of the 53 per cent going as salaries and wages alone. From 1922 to 1930, the proportion of other labour income was fairly steady and the amount moderate. The heavy payments in relief during subsequent years tended to offset the relative decline in salaries and wages. In fact the sum of salaries and wages and other labour income was a growing proportion of total income payments from 1930 to the end of the period under review.

Fluctuations.

While fluctuations in withdrawals are normally less than in earnings of employees, much depends on the relative sensivity of the segments which disburse the income. Primary producers, including a large proportion of working proprietors, were severely affected during the major depression culminating in 1933. Contraction in withdrawals was most conspicuous in agriculture, which was the chief source of this type of income. Despite the relatively better showing in most groups, withdrawals declined 41 per cent from 1929 to 1933 against 36.6 per cent for salaries and wages. The recovery from 1933 to 1937 was 25.5 per cent in withdrawals and 36.3 per cent in earnings of employees.

The test of the standard deviation, however, indicates that withdrawals were slightly less sensitive to fluctuations than salaries and wages, the standing being 11.06 against 11.55. Withdrawals, after reaching \$1,330 million in 1920, dropped to \$1,010 million in 1922. The recovery was fairly continuous to 1929, when an intermediate maximum of \$1,186 million was reached. The low point of the second major depression was nearly \$700 million recorded during 1933. Successive gains were then recorded until 1937.

The withdrawals derived from commodity-producing activities declined from \$817 million in 1929 to \$432 million in 1933, representing 47.1 per cent. The other economic divisions showed greater resistance to the influences of depression. The commodity-handling division dropped from \$182 million to \$116 million, while the facilitating activities contributed \$185 million in the prosperous year compared with \$151 million in 1933. The net result was that as production proper lost some of its relative importance in the last decade, the withdrawals contributed by the facilitating industries tended to become a correspondingly larger proportion.

Property Income.

Property income, including dividends, bond and mortgage interest and rents, made up less than 14 per cent of the total flow of income to consumers. After adjustment for international payments, dividends amounted to 3.67 per cent and bond interest to 4.65 per cent during the twenty-year period under review. Mortgage interest and rents averaged 5.43 per cent. Salaries and wages, pensions, relief and withdrawals may be regarded as labour income, contrasted with dividends, interest and rents, assumed to constitute property income. On this basis approximately six-sevenths of income receipts of consumers can be attributed to receipts from labour and one-seventh to receipts from property.

Considerable difficulty attends the computation of property income. Many of the large corporations are engaged in varied activities complicating the classification of dividends and interest. The oil industry, for example, operates not only the refineries but a widespread system of retail distribution. Another problem is to differentiate between payments to corporations and to individuals. The aim is to arrive at the total of dividends and interest flowing to individuals. This was roughly achieved by deducting from payments the sum of the dividends and interest received by the corporations in each of the groups. The amount of dividend payments received by individuals is consequently computed by adding together the net total originating by groups.

A portion of these payments accrue to individuals indirectly through financial institutions including banks and insurance companies. These organizations are treated in this connection as associations of individuals for the purpose of a better management of personal savings. The flow of income in the form of dividends and interest may thus be divided into two unequal streams, the larger flowing directly into the hands of individuals and the other flowing to financial institutions to be eventually transferred to individual consumers.

The large amount of dividend and interest payments to external holders of Canadian securities presents a serious problem in estimating the national income and its distribution. Due to inadequate data, the distribution of payments by groups between internal and external recipients may be computed with approximate accuracy only.

By comparing the averages for the second decade of the inter-war period with the first we find that an upward trend was shown in the flow of property income. Payments to Canadian residents rose from an average of \$521 million in the first ten-year period to \$579 million, a gain of 11 per cent. The advancing trend in property income reflected mainly the important increase in bond interest. A slight advance was recorded in dividend payments while the sum of rentals and mortgage interest was at a lower level in the last ten years. The gain in bond interest and dividends from the first decade to the second was 45.2 per cent and 10.1 per cent, respectively. The real estate account of rentals and mortgage interest, on the other hand, declined about 10.5 per cent.

Owing to the decline in labour and working-proprietor income and the rising trend of property income, the latter recorded growing importance in the last decade. The proportion of total income disbursed to individuals was 14.7 per cent in the last ten years, against 12.8 per cent in the first part of the period.

Property income showed decline in agriculture and forestry but recorded an increase in mining and electric power, the marked development of the latter industries being a partial explanation. The estimate of property income originating in manufactures, n.e.s. rose from an average of \$65 million in the first decade to nearly \$86 million in the second. A minor advance was shown in the sum of transportation and communication activities, the telephone payments offsetting the decline in steam railways. The finance group, embracing non-farm rents whether paid or imputed and mortgage interest as well as dividends and interest from banking and other financial groups, disbursed less income in the last ten years. The advance in payments by governments reflected the growth of public debts. Increases were also recorded by the trade and service activities.

Fluctuations.

Dividends were the most elastic of the three main components of property income, dropping from \$210 million in 1930 to \$107 million in 1933. The standard deviation in the inter-war period was 18.3 compared with 7.6 for bond interest and 13.9 for rentals and mortgage interest. Interest payments, denoting fixed charges, represent one of the more rigid items in the price structure. Their behaviour during the depression showed marked variation. Dividends recorded a decline of 44.6 per cent from 1929 to 1933, while realized net interest showed an increase of 24.2 per cent. The change from 1933 to 1937 was an increase of nearly 49 per cent in dividends and a decline of 2.8 per cent in interest. The decline in the real estate property income was 37.4 per cent during the reaction, while a gain of 28.5 per cent was shown in the subsequent recovery to 1937.

General Method.

The national income may be defined as the algebraic sum of the income payments to individuals and the net savings, positive or negative, of the various economic enterprises of a nation. For practical purposes the payments of interest and dividends to "aggregates of individuals", including financial institutions such as banks and insurance companies, which manage the people's savings, are also included in the estimates.

An alternative definition is from the standpoint of production. National income arises mainly through the production of commodities and the rendering of services. Whether these operations are undertaken by the business enterprise or by the individual himself, personal incomes are for the most part derived from productive activity. The enterprise considered as a unit receives a gross revenue from operations and distributes the proceeds either to other concerns or to individuals in the conventional forms of salaries and wages, dividends, interest, withdrawals, pensions and compensation to workmen for sickness and accidents. When depreciation and expenses paid to other industrial organizations are deducted from the gross revenue, the payments to individuals and savings of the concern, constituting the residua, are considered as the net contribution of the enterprise to the national income.

National income has also been defined as the total of the expenditures and savings of individuals. The amounts credited to individuals may either be devoted to the purchase of commodities and services for direct consumption, or to the formation of capital in preparation for productive expansion. Whether viewed as a return for the production of goods and services or as a means of obtaining personal utilities and expanding the capital equipment, the national income is essentially the sum of payments to individuals, and the computation of it must be directed toward the measurement of such payments.

The most direct means of obtaining the total national income would be by census enumeration, but it is doubtful whether complete information could be obtained in this way. The receipt of salaries and wages by employees in Canada is available for the census years 1910-11, 1920-21, and 1930-31, but the census questionnaire excludes other types of individual income, such as dividends, interest, rent and withdrawals of employers and persons working on own account. Some information regarding income is obtained annually from income tax returns received by the Department of National Revenue. The partial coverage and the lack of detailed distribution, however, prevents the extensive use of such material for the present purpose.

Statistics Illustrating the Economic Situation of Canada for the first six months
of 1941, compared with the same period of 1940

Item	Unit or base Period	First Six Months		Increase + Decrease -	
		1941	1940		
<u>National Income (Tentative Compilation) 1/</u>					
Commodity Producing	\$000	2,556,545	2,292,412	+	11.5
Commodity Handling	\$000	1,262,823	1,063,767	+	18.7
Facilitating	\$000	533,352	481,163	+	10.9
	\$000	760,340	747,482	+	1.7
<u>General Economic Situation</u>					
Index of Physical Volume of Business	1935-9=100	129.2	114.4	+	12.9
Index of Industrial Production	1935-9=100	141.5	126.0	+	12.3
Wholesale Prices	1926=100	86.8	82.6	+	5.1
Index of Common Stock Prices	1935-9=100	66.4	83.1	-	20.1
Capitalized Bond Yields, Dominion	1935-9=100	104.1	98.6	+	5.6
Mining Stock Prices	1935-9=100	74.5	86.5	-	13.9
Bank Debits	\$000	18,810,100	17,001,691	+	10.6
<u>Production and General Business</u>					
Mineral Production	1935-9=100	126.5	123.8	+	2.2
Gold Receipts	Fine Ozs.	2,538,879	2,435,293	+	4.3
Silver Shipments	Fine Ozs.	8,740,858	10,536,365	-	17.0
Coal Production	Tons	8,324,979	8,110,689	+	2.6
Manufacturing Production	1935-9=100	139.2	125.4	+	11.0
Sugar Production (First 5 mos.)	Bbls.	7,897,523	6,397,334	+	23.5
Sugar Manufactured	Lbs.	365,993,288	383,849,627	-	4.7
Cattle Slaughtering	No.	792,816	780,809	+	1.5
Hog Slaughtering	No.	3,002,194	2,322,645	+	29.3
Cigarettes released	No.	3,808,680,650	3,696,589,068	+	3.0
Cigars released	No.	86,578,378	74,017,218	+	17.0
Leather Boots and Shoes (First 5 mos.)	Pairs	11,131,228	10,167,802	+	9.5
Raw Cotton Consumption	Lbs.	98,620,920	95,880,315	+	2.9
Paper and Lumber -					
Newsprint Production	Tons	1,621,134	1,641,987	-	1.3
Exports of Planks and Boards	M ft.	951,308	986,305	-	3.5
Iron and Steel -					
Steel Ingot Production	Long Tons	1,148,435	958,246	+	19.8
Pig Iron Production	Long Tons	625,551	549,627	+	13.8
<u>Automobile and Allied Industries -</u>					
Automobile Production, cars and trucks	No.	152,871	110,912	+	37.8
Petroleum Imports	000 Gals.	643,834	565,627	+	13.8
Crude Rubber Imports	Lbs.	55,749,702	41,029,443	+	35.9
<u>Construction</u>					
Contracts Awarded	\$	215,466,600	125,435,500	+	71.8
Building Permits 2/	\$	48,412,468	35,281,108	+	37.2
Electric Power Production	000 K.W.H.	15,731,801	14,968,503	+	5.1
<u>External Trade - (x)</u>					
Exports	\$	720,390,321	553,711,029	+	30.1
Imports	\$	645,284,416	496,100,785	+	30.1
Excess of exports over imports	\$	75,105,905	57,610,244		
<u>Railways -</u>					
Carloadings	No.	1,494,749	1,299,933	+	15.0
Gross Revenue C.N.R. (Canadian Lines)	\$	120,925,000	96,319,689	+	25.5
Gross Revenue C.P.R.	\$	99,840,000	75,641,753	+	32.0
<u>Employment - 5 months' average unadjusted -</u>					
General Index	1926=100	138.3	114.1	+	21.2
Manufacturing		152.2	122.0	+	24.8
Logging		205.2	158.9	+	29.1
Mining		170.9	165.8	+	3.1
Construction		93.7	62.1	+	50.9
Building		114.3	49.7	+	130.0
Highway		98.0	82.3	+	19.1
Trade		151.4	139.4	+	8.6

(x) Excluding gold. 2/ 58 Municipalities.

1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditure.

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first seven months of 1941

compared with the same period of the

preceding year

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

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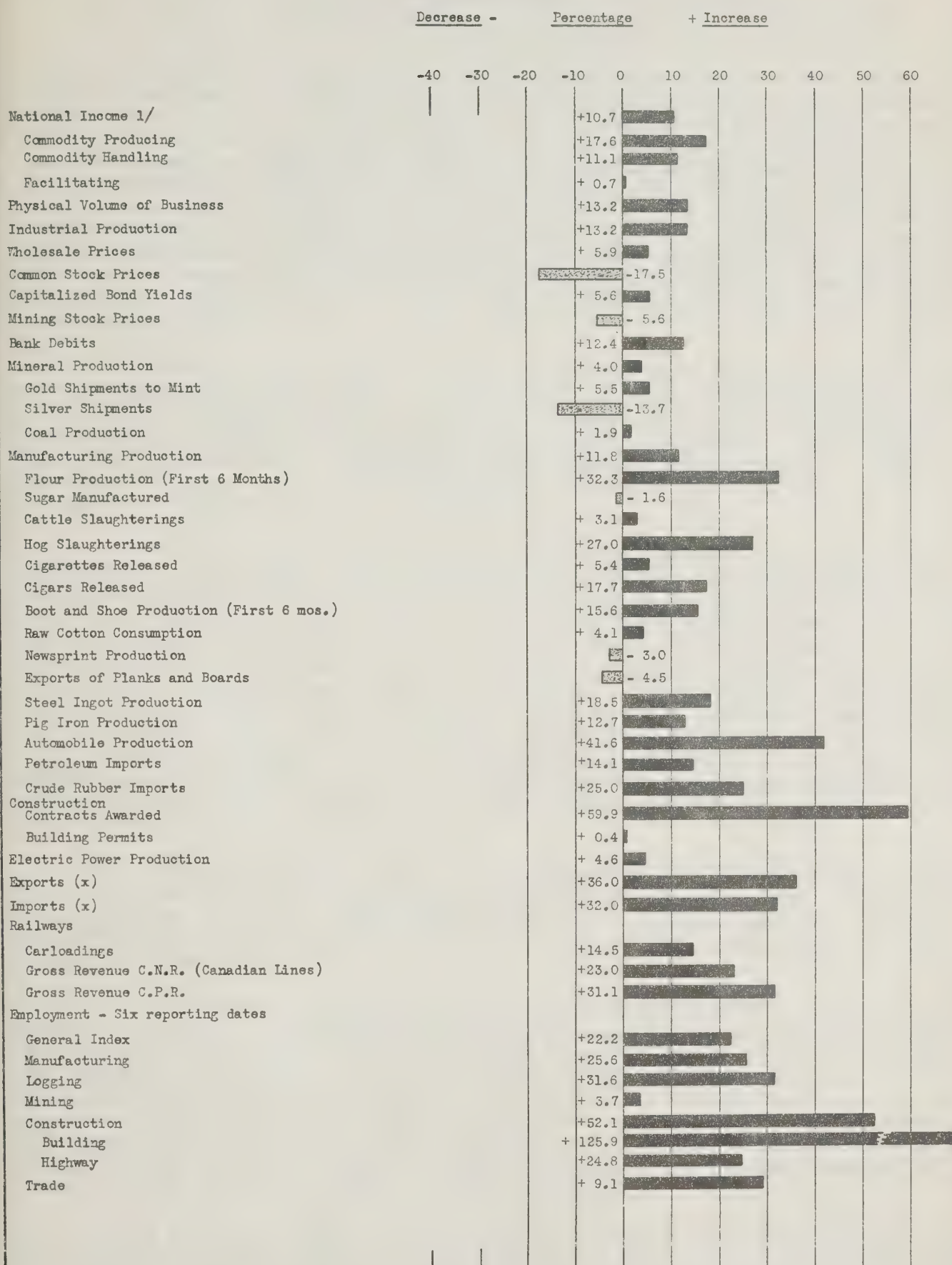
OTTAWA

1941

Price \$1 a year

The Economic Situation in Canada
in the First Seven Months of 1941

As compared with
the same period of 1940.



1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditures.

(x) Excluding gold.

- Dominion Bureau of Statistics -

Six items recorded declines, while forty-one showed increases.

- 2 -
DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Dominion Statistician:	R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Chief, General Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SEVEN MONTHS OF 1941
COMPARED WITH THE SAME PERIOD OF LAST YEAR

Economic operations showed marked expansion in the first seven months of 1941 over the same period of the preceding year. The estimate of the national income, a comprehensive measure of economic progress, was slightly more than \$3 billion in the first seven months against \$2.7 billion in the same period last year. The rise of 10.7 per cent in national income was mainly due to expansion in the commodity producing and handling divisions. Income originating in the commodity producing division was \$1,490 million against \$1,266 million, a gain of no less than 17.6 per cent. The commodity handling activities including trade and transportation, rose slightly more than 11 per cent to \$625 million. The income originating in facilitating activities exclusive of the tangible assets acquired by the Dominion Government through war expenditures, was nearly \$890 million in the period under review, a slight gain being shown over the first seven months of 1940.

The index of the physical volume of business based upon about fifty important factors rose from 115.3 to 130.5, a gain of 13.2 per cent. Marked gains were shown in manufacturing production and in new business obtained by the construction industry. The index of manufacturing production rose nearly 12 per cent to 141.5. The amount of construction contracts awarded was \$247.4 million against \$154.7 million, a gain of nearly 60 per cent. The output of electric power was 18.4 billion kilowatt hours against 17.6 billion, a gain of 4.6 per cent.

The marketings of agricultural products were heavier in the present year than in the same period of 1940. The index of grain marketings rose from 134.8 to 145.2, while that of livestock marketings advanced from 94.7 to 101.9. Cold storage holdings averaged slightly less during the present year, the index receding from 142.6 to 141.8. It was recently reported that the Prairie wheat harvest was well advanced in all districts apart from northern Alberta and that early private estimates were suggesting a production appreciably under 300 million bushels. It was estimated that the wheat acreage of the Prairie Provinces had been reduced to 21,551,000 acres from 27,750,000 in the preceding year. The carry-over of Canadian wheat at the end of July was 480.1 million bushels, amounting to 179.6 million bushels more than on the same date of the preceding year. The total exports of Canadian wheat for the 1940-41 crop were 230.4 million bushels. This total was 37.7 million bushels more than the exports of 192.7 million bushels for the preceding crop year.

A new bacon agreement was reached with the British food ministry for delivery of 600 million pounds of Canadian bacon in the year beginning October 1, 1941. The price was \$22.15 for 112 pounds A grade Wiltshire's, F.O.B. Canadian seaboard. The price is 25 per cent higher than the quotation in the prior agreement under which 425 million pounds are being delivered.

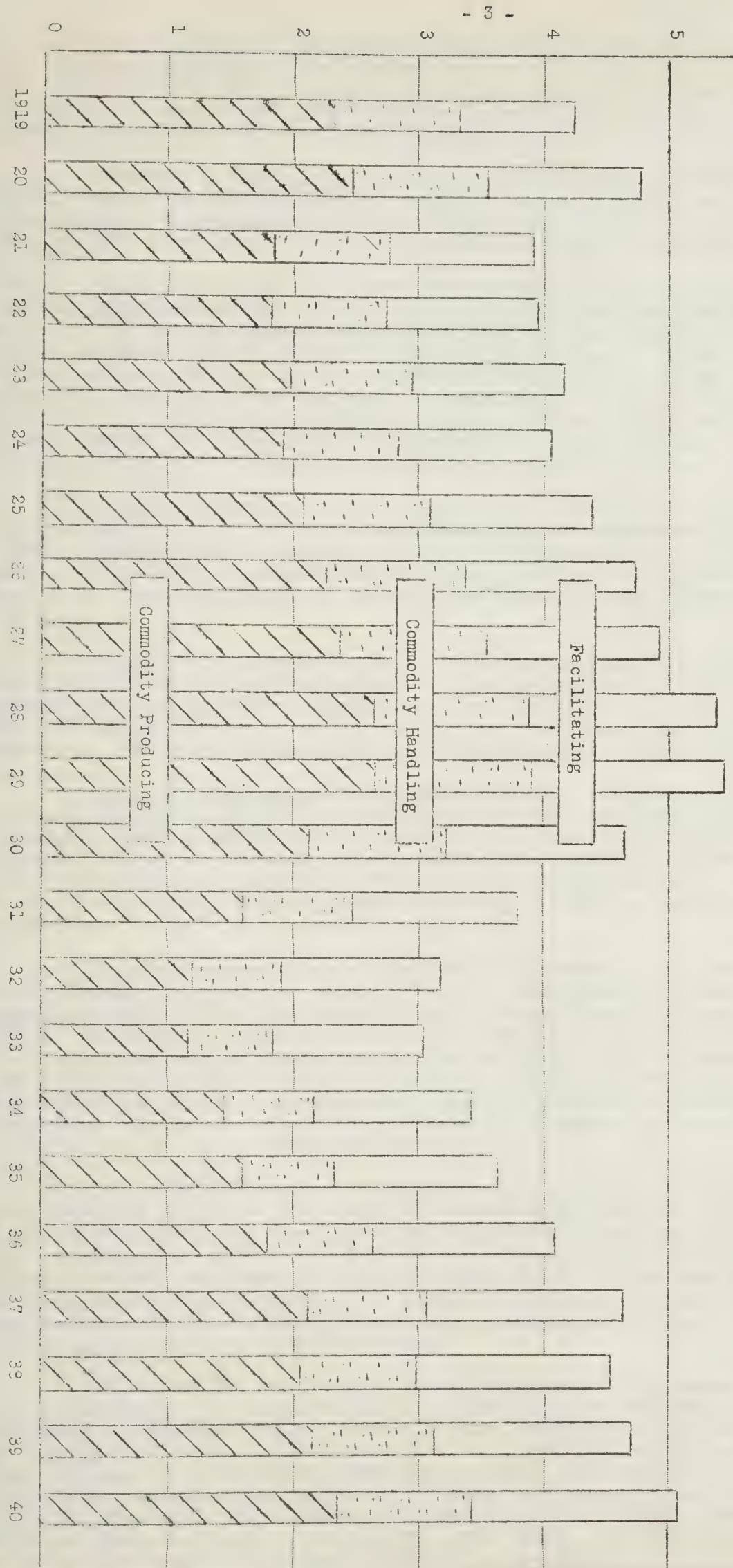
The additional purchasing power resulting from the rise in industrial production has facilitated a considerable expansion in distribution to ultimate consumers. The average of the index of retail sales rose 15.4 per cent in the first six months of the present year over the same period of 1940. Marked gains were shown in the sales of clothing, boot and shoe, and variety stores. For the first seven months of this year, department store sales showed a gain of 17 per cent over the corresponding period of last year. Wholesale trade recorded considerable expansion, the general index of sales rising 13.8 per cent. The sales of automotive equipment and hardware recorded an increase of 24.2 per cent and 23.9 per cent, respectively.

An important element in the economic expansion of the first seven months of the present year was the growth in the export trade, especially to the British market. The total value was \$891.3 million against \$655.2 million, a gain of no less than 36 per cent. The relative increase in imports was almost as great. The total amount was \$773 million against \$586 million, a gain of 32 per cent. The net exports of non-monetary gold in the first seven months of the present year was 119.7 million against 116.1 million in the same period of last year.

Transportation shared fully in the economic expansion of the first seven months of the present year. Railway traffic was at a considerably higher level. The number of cars loaded during the first thirty-four weeks of the year was 1,997,000 against 1,743,000 in the same period of 1940. The movement of miscellaneous commodities,

6 Billion Dollars

CHART 2 - PRODUCTIVE SOURCES OF THE NATIONAL INCOME OF CANADA BY THREE ECONOMIC DIVISIONS
(Without Deducting the International Balance on Dividends and Interest)



grain and l.c.l. merchandise contributed heavily to the indicated increase of 254,000 cars. The gross earnings of the Canadian Pacific Railway during the same period were \$132.5 million against \$100.9 million a year ago, a gain of 31.3 per cent. The increase in the gross revenues of the Canadian National Railway was 23.1 per cent, the total having been \$184.6 million against \$149.9 million.

Productive activity has resulted in a marked increase in the number of the working forces. The general index of employment during the first six months was 140.8 against 115.2 in the comparable period of 1940, a gain of more than 22 per cent. The percentage gain in manufacturing and in construction was of somewhat greater proportions.

The influences characteristic of a war period are now making themselves felt in raising commodity prices. The index of wholesale prices based on 567 price series was 91.8 in the week of August 22 against 82.7 in the same week of 1940. The present standing is higher than at any time in the last eleven years. Animal products, during the last twelve months, has shown an increase of nearly 20 points in the index, while considerable gains have also been shown in textiles and crop products. The index of the cost of living on the basis of 1936-39 rose from 105.6 on July 1 last year to 111.9 on the same date of 1941. The index for foodstuffs advanced from 105.3 to 116.6, whereas clothing was 115.1 in July against 109.1 in the same month last year.

Dominion Government revenues in the first four months of the current fiscal year, from April to July inclusive, were \$484.3 million compared with total expenditures of \$439.0 million. The four-month total for war expenditures was \$308.9 million as against \$112.8 million in the same month of the preceding fiscal year. Non-war expenditure for the first four months of the year was \$126.7 million compared with \$121.0 million.

The amount of cheques cashed by chartered banks in 33 clearing centres was \$22,052 million in the first seven months of the present year against \$19,624 million one year ago. The consequent increase was \$2,428 million or 12.4 per cent. The increase, while affected by the heavy payments in June for the Victory Loan, was mainly due to the expansion of business operations and the rise in commodity prices and cost of living.

Charts of this number - The national income of Canada, as from the end of the last war, depicted in Chart 2, conformed closely with the conventional fluctuations of the period. The high prices of commodities and services during the inflationary period following the last war accounted for the short-lived prosperity period culminating in 1920. The recovery extending from 1921 to 1929 was characterized by relatively steady prices. The recent economic expansion commencing in 1933 has been extended by wartime influences.

The relative importance of the three main economic divisions contributing to Canadian income is graphically shown in Chart 2. Thirty-one per cent of the national income originated in the facilitating division, consisting of finance, government and service. Furthermore, the proportion of the contribution of this division rose from 28 p.c. in the first half of the period to more than 34 p.c. in the second. It is also evident from the chart and from the accompanying tables that this division was much less sensitive to the impact of the depression than the divisions concerned directly with commodities. The decline from 1929 to 1933 was less severe and the subsequent recovery was necessarily of a more restricted character.

The commodity producing division, including nine industries reviewed by the Bureau from year to year in the Survey of Production played a more important role as an originator of income. Its share, however, was somewhat less than half the total and a marked reduction was shown in the last decade. Being greatly affected by external demand and price decline, the income produced in this division, in the last ten years was markedly lower than in the first ten. The commodity-handling division, including trade, transportation and communication, occupied an intermediate position in respect of relative importance, trend and fluctuation.

Agriculture and manufactures n.e.s. stand out in this comparison as Canada's leading industries. The remainder may be divided into two sections. The first section consists of ten classes ranging in order of size from government to professional. A marked falling off is recorded in comparing the industries in this section. The annual income produced by government was \$465 million while professional activities averaged \$153 million. Between these limits retail trade took second place with a contribution of \$344 million, while steam railways followed with \$274 million. Other service, real estate and wholesale trade followed in the order named. The return from forestry and mining was also slightly in excess of that for professional.

Million Dollars

0 200 400 600 800

Agriculture 675,228
 Manufactures, N.E.S. 641,600
 Government 156,657
 Retail trade 344,193
Steam Railways 273,574
 Services, Other 245,248
 Real Estate 202,396
 Construction 181,748
 Wholesale Trade 172,889
 Forestry 156,596
 Mining 152,794
 Professional 152,657
 Education 94,411
 Electric Power 66,994
 Insurance 66,606
 Custom and **Repair** 56,012
 Banking 55,047
 Water Transport 39,106
 Telephone 35,037
 Road Transport 34,407
 Electric Railways 33,257
 Fisheries 29,372
 Stock Bond Dealers 21,390
 Trapping 11,248
 Telegraph 9,106
 Express 8,112
 Trust Companies 7,081
 Loan and Mortgage 6,190
 Storage 3,760
 Civil Aviation 689

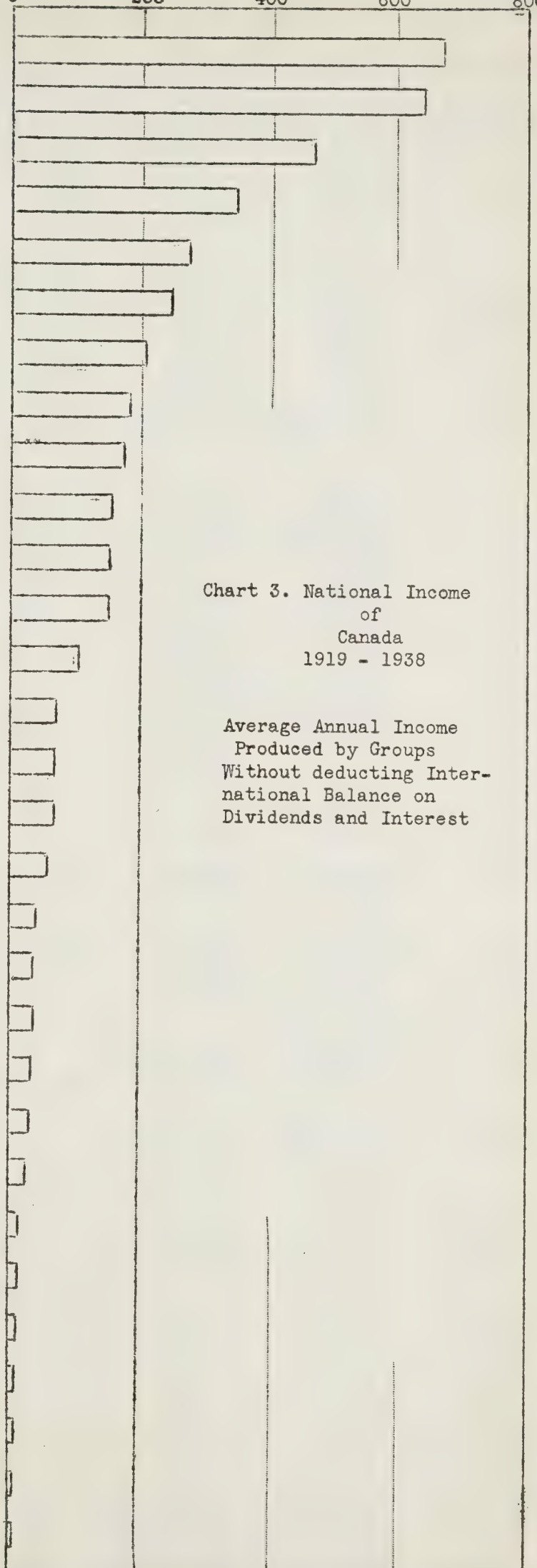


Chart 3. National Income
 of
 Canada
 1919 - 1938

Average Annual Income
 Produced by Groups
 Without deducting Inter-
 national Balance on
 Dividends and Interest

Statistics Illustrating the Economic Situation of Canada for the first seven months of 1941, compared with the same period of 1940.

Item	Unit or base period	First Seven Months		Increase + Decrease -
		1941	1940	
National Income (Tentative Compilation)↓	\$000	3,003,852	2,713,055	+ 10.7
Commodity Producing	\$000	1,488,911	1,266,479	+ 17.6
Commodity Handling	\$000	625,088	562,704	+ 11.1
Facilitating	\$000	889,853	883,872	+ 0.7
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	130.5	115.3	+ 13.2
Index of Industrial Production	1935-9=100	142.7	126.1	+ 13.2
Wholesale Prices	1926=100	87.4	82.5	+ 5.9
Index of Common Stock Prices	1935-9=100	66.5	80.6	- 17.5
Capitalized Bond Fields, Dominion	1935-9=100	104.1	98.6	+ 5.6
Mining Stock Prices	1935-9=100	74.5	83.3	- 5.6
Bank Debits	\$000	22,051,806	19,624,237	+ 12.4
<u>Production and General Business</u>				
Mineral Production	1935-9=100	129.3	124.2	+ 4.0
Gold Receipts	Fine Ozs.	2,992,063	2,836,479	+ 5.5
Silver Shipments	Fine Ozs.	10,667,020	12,363,540	- 13.7
Coal Production	Tons	9,511,673	9,338,656	+ 1.9
Manufacturing Production	1935-9=100	141.5	126.6	+ 11.8
Flour Production (First 6 Mos.)	Bbls.	10,015,499	7,567,572	+ 32.3
Sugar Manufactured	Lbs.	475,729,983	483,403,070	- 1.6
Cattle Slaughtering	No.	948,398	919,476	+ 3.1
Hog Slaughtering	No.	3,376,353	2,658,460	+ 27.0
Cigarettes released	No.	4,580,846,128	4,344,892,611	+ 5.4
Cigars released	No.	102,188,116	86,808,834	+ 17.7
Leather Boots & Shoes (First 6 Mos.)	Pairs	13,570,179	11,736,982	+ 15.6
Raw Cotton Consumption	Lbs.	115,528,569	111,011,723	+ 4.1
Paper and Lumber -				
Newsprint Production	Tons	1,914,617	1,974,676	- 3.0
Exports of Planks and Boards	M ft.	1,174,554	1,229,922	- 4.5
Iron and Steel -				
Steel Ingot Production	Long Tons	1,336,604	1,127,823	+ 18.5
Pig Iron Production	Long Tons	727,556	645,551	+ 12.7
Automobile and Allied Industries -				
Automobile Production, Cars and trucks	No.	177,525	125,380	+ 41.6
Petroleum Imports	000 Gals.	826,495	724,352	+ 14.1
Crude Rubber Imports	Lbs.	65,032,165	52,035,287	+ 25.0
Construction -				
Contracts Awarded	\$	247,421,400	154,741,100	+ 59.9
Building Permits 2/	\$	58,050,152	57,798,471	+ 0.4
Electric Power Production	000 K.W.H.	18,393,524	17,583,735	+ 4.6
External Trade - (X)				
Exports	\$	891,291,176	655,174,202	+ 36.0
Imports	\$	772,991,759	585,597,018	+ 32.0
Excess of exports over imports	\$	118,299,417	69,577,184	
Railways -				
Carloadings	No.	1,771,578	1,547,488	+ 14.5
Gross Revenue C.N.R. (Canadian Lines)	\$	142,931,000	116,185,000	+ 23.0
Gross Revenue, C.P.R.		119,199,000	90,945,000	+ 31.1
Employment - 6 months' average unadjusted -				
General Index	1926=100	140.8	115.2	+ 22.2
Manufacturing		154.9	123.3	+ 25.6
Logging		197.4	150.0	+ 31.6
Mining		172.2	166.0	+ 3.7
Construction		101.6	66.8	+ 52.1
Building		119.3	52.8	+ 125.9
Highway		111.7	89.5	+ 24.8
Trade		152.3	139.6	+ 9.1
Banking - 7 months' average -				
Notice and Demand Deposits	\$	2,679,149,053	2,470,228,177	+ 8.5
Current Loans	\$	1,061,828,024	950,783,391	+ 11.7
Security Holdings	\$	1,747,537,904	1,607,073,493	+ 8.7
Call Loans - Canada	\$	33,166,284	47,444,540	- 30.1

(X) Excluding gold. 1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditure. 2/ 58 Municipalities. Seven items recorded declines while forty-four showed increases.

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first eight months of 1941

compared with the same period of the

preceding year

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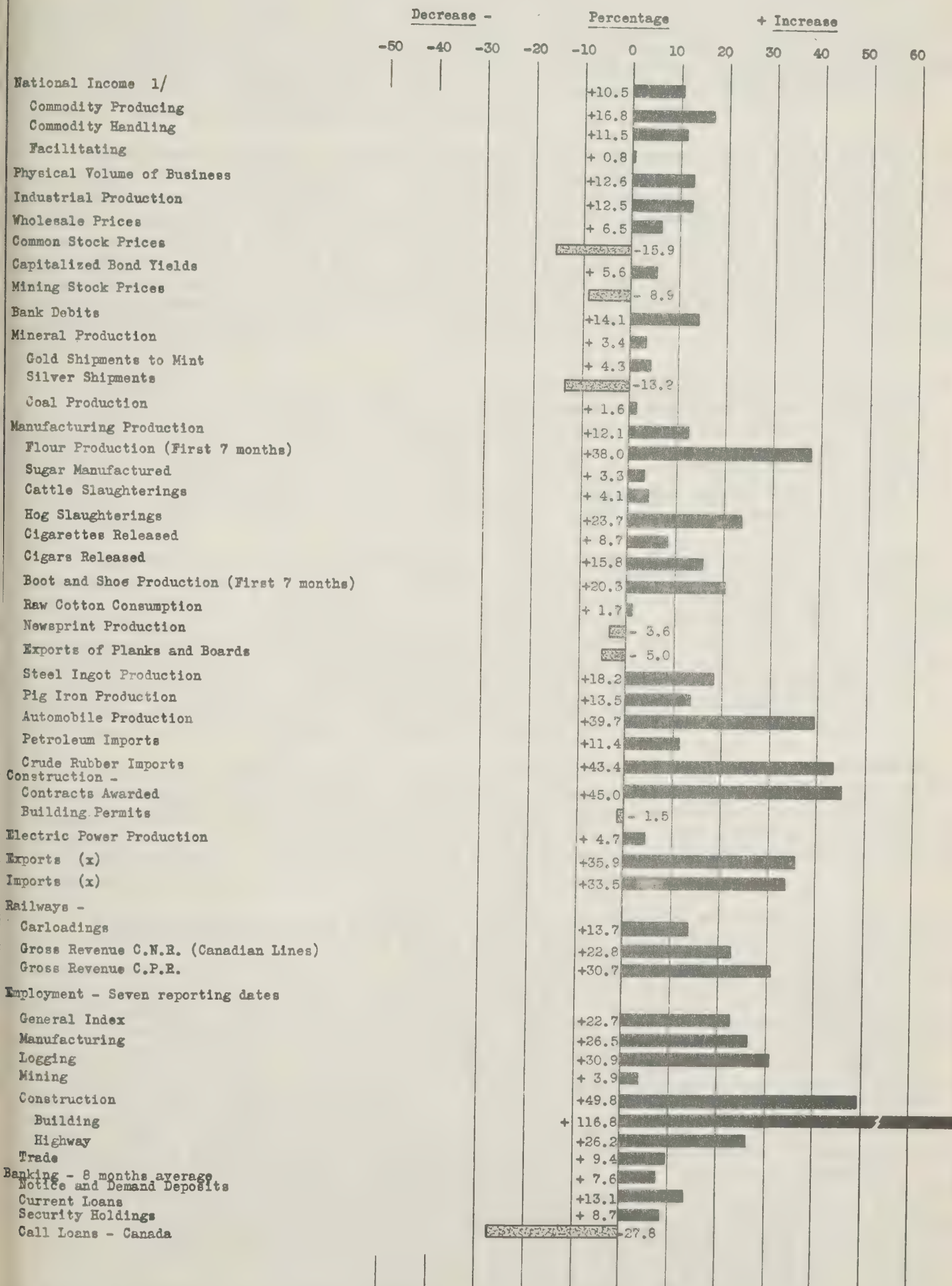
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Dominion Statistician:	R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Chief, General Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST EIGHT MONTHS OF 1941
COMPARED WITH THE SAME PERIOD OF LAST YEAR

The national income was \$3,446 million in the first eight months of the present year against \$3,118 million in the same period of 1940. The rise of 10.5 per cent or \$328 million represented the further stimulation of war conditions. Demand for munitions and war supplies was the main generating factor, while the greater purchasing power led to important acceleration in the production of consumer's goods. The advance in wholesale prices strongly in evidence during the present year was also an element enhancing the national income during the first eight months.

The economic expansion resulted in a national income higher than at any other time in Canada's history. As wholesale prices were somewhat higher in 1929 the rise of the national income to a new high point is an indication of the heavy volume of Canadian production in the present year. An estimate of the income originating in nine commodity producing groups was \$1,707 million in the period under review against \$1,462 million in the same period last year, a gain of 16.8 per cent. The rise in the commodity handling activities including trade transportation was 11.5 per cent to \$719 million. The facilitating group comprising finance, government and service, showed an increase to \$1,020 million, the total being exclusive of tangible assets required by the Dominion Government through war expenditure.

The index of the physical volume of business, a comprehensive measure of productive operations rose 12.6 per cent in the first eight months of this year compared with the same period of 1940. The index on the base of 1935-1939 equalling 100 rose from 117 to 131.8. The index was recently at a higher level than at any other time. The standing in August was 121.2 which compared with 122.1 the highest point during 1929 the culmination of the last prosperity period. The level of August may be compared with 128.6 in the same month of 1940 and with 109.3 in August, 1939, the last peace-time month.

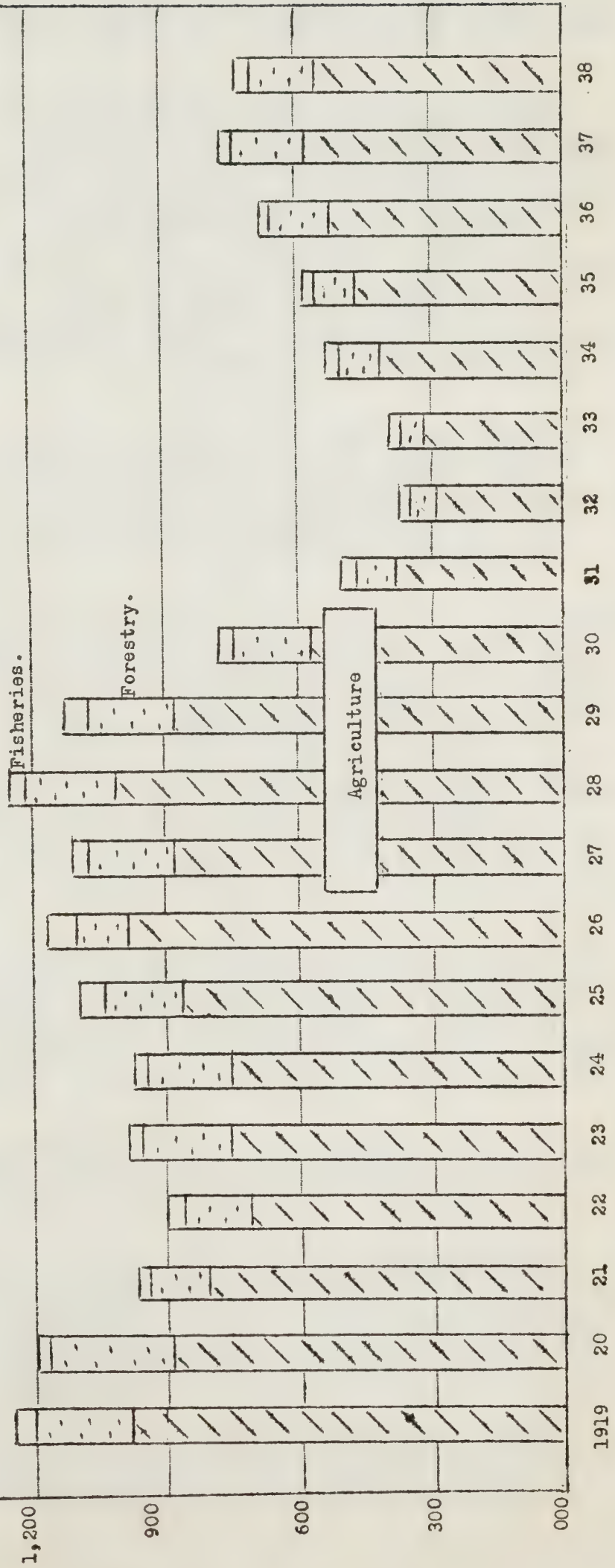
The decline in crop production in 1941 will not have the normal effect upon transportation and shipping facilities. Owing to the heavy carry over of wheat and other grains the movement to ultimate markets is now conditioned by the demand rather than by the fluctuation in the crop production of the present year. The primary movement of wheat to country elevators in the Prairie Provinces is now at a much lower level than in the same period of last year. The index of grain marketing at the head of the Lakes and the Pacific Coast was 217.4 in August compared with 141.2 in the same month last year, but deliveries to country elevators show a reversal. The index of the sale of livestock on stockyards was 102.2 in August compared with 132.8 in the same month last year.

The factors indicating the trend of mineral production recorded minor expansion during the elapsed portion of the present year. The index rose from 126.4 in the first 8 months of 1940 to 130.7. The index of employment showed a similar trend, the index advancing from 166.3 to 172.6, a gain of 3.9 per cent. The increase of gold receipts at the Mint was 4.3 per cent. A gain of 1.6 per cent was shown in coal production. Silver shipments on the other hand, were at a somewhat lower level.

The manufacturing group was in the forefront of economic acceleration during the period under review. The index of output based on about thirty factors rose from 128.7 to 144.3, a gain of 12 per cent. The flour milling industry was more active during the period under review, an increase of 38 per cent having been shown in the output of wheat flour during the first seven months. A gain of 23.7 per cent in hog slaughterings indicated greater activity in the meat packing industry. Tobacco releases for consumption reached new high levels. The cigarettes made available numbered 5,398 million against 4,966 million. A gain of 15.8 per cent was shown in the release of cigars. The boot and shoe industry extended operations in the first eight months of this year, a gain of 20.3 per cent to nearly 16 million pairs having been recorded. Raw cotton consumption showed a minor increase over the high level of 1940 and the textile industry showed a continuance of heavy operations. Newsprint production and the exports of planks and boards recorded some recession, from the early part of 1940. The heavy demand for munitions was indicated by expansion in the primary iron and steel industry. The output of steel ingots was 1,537,000 long tons against 1,300,000 in the same period of 1940, while pig iron production showed a gain of 13.5 per cent to 833,000 tons. The production of automobiles, cars and trucks, including military vehicles was 194,717 units against 139,373 a gain of 40 per cent. Imports of crude petroleum were 1,007 million gallons against 904 million while crude rubber imports indicating activity in the tire industry

Chart 2. National Income Originating in Agriculture, Forestry and Fisheries.

1919 - 1938.



was nearly 89 million pounds against 62 million.

The activity in the construction industry was indicated by a gain of 45 per cent in contracts awarded. The total in the first eight months of 1941 was \$283.5 million against \$195.5 million in the preceding year. Marked gains were shown in the employment in the construction industry. The index for building construction rose from 56.7 to 122.9, a gain of no less than 116.8 per cent. Highway construction also showed considerable acceleration. The general index of employment in construction rose from 72.3, a gain of about 50 per cent. A moderate gain was shown in the output of electric power. The total in the first eight months of 1941 was 21,033 million kilowatt hours against 20,084 million in the preceding year, the gain having been 4.7 per cent.

The productive activity of Canada is bound up with external trade. The flow of commodities across our international boundaries has shown a marked increase. Exports during the first eight months were \$1,042 million against \$767 million in the first eight months of 1940, an increase of nearly 36 per cent. The percentage increase of merchandise imports was of slightly lesser dimensions, the total having been \$910.9 million against \$682.4 million. The active balance of trade was consequently \$130.9 million against \$44.1 million in the first eight months of last year. A study of the trade with the United States and Britain indicates the extent to which materials are being imported from the United States and the expansion in shipments to British markets. Exports to the United States in the first eight months of 1941 were \$370.7 million against \$282.2 million in 1940. Imports showed a much greater increase from \$463 million to \$628 million. The adverse balance with the United States was consequently \$257 million against \$181 million in the same period of 1940.

Exports to Britain were \$451.5 million during the period under review compared with \$336.9 million one year ago, a gain of no less than \$114.6 million. Imports from the United Kingdom also showed an increase from \$105.3 million to \$143.9 million. The so called favorable balance of trade with Britain this year was consequently \$307.6 million an average of \$38.5 million per month. The net exports of non-monetary gold were nearly maintained this year as compared with the first eight months of 1940. The total was \$132.3 million against \$133.7 million.

The consumer purchases of merchandise recorded continued expansion in August. Retail sales as measured by the dollar volume of business transacted, recorded a gain of 19 per cent above August one year ago. This represents the average experience as revealed in a general index of retail sales computed from statistics reported by department stores and specialty stores in eleven lines of business. All lines of business for which figures are available registered increases in comparison with August last year. Sales of 17 departmental firms, which reported a breakdown of sales by departments averaged 21 per cent higher in August this year than last. Increases for departments dealing with durable goods were generally higher than those recorded for other departments although sales of women's clothing were appreciably greater. Department store sales increased 20 per cent over August a year ago. Cumulative totals showed a gain of 17 per cent in the first eight months of this year compared with last. The index was 120.2 in August against 99.8 in the same month a year ago.

The greater economic activity of the last eight months had a counterpart in transportation. Car loadings numbered 2,050,000 against 1,803,000 in the same period last year. The gross revenue of the Canadian National Railway showed an increase of 22.8 per cent, while that of the Canadian Pacific Railway was 30.7 per cent greater. Net revenue for the first eight months of the Canadian Pacific Railway were reported at \$26.3 million against \$17.3 million in the same period of 1940. Consequently, the gain was nearly \$9 million or 52 per cent.

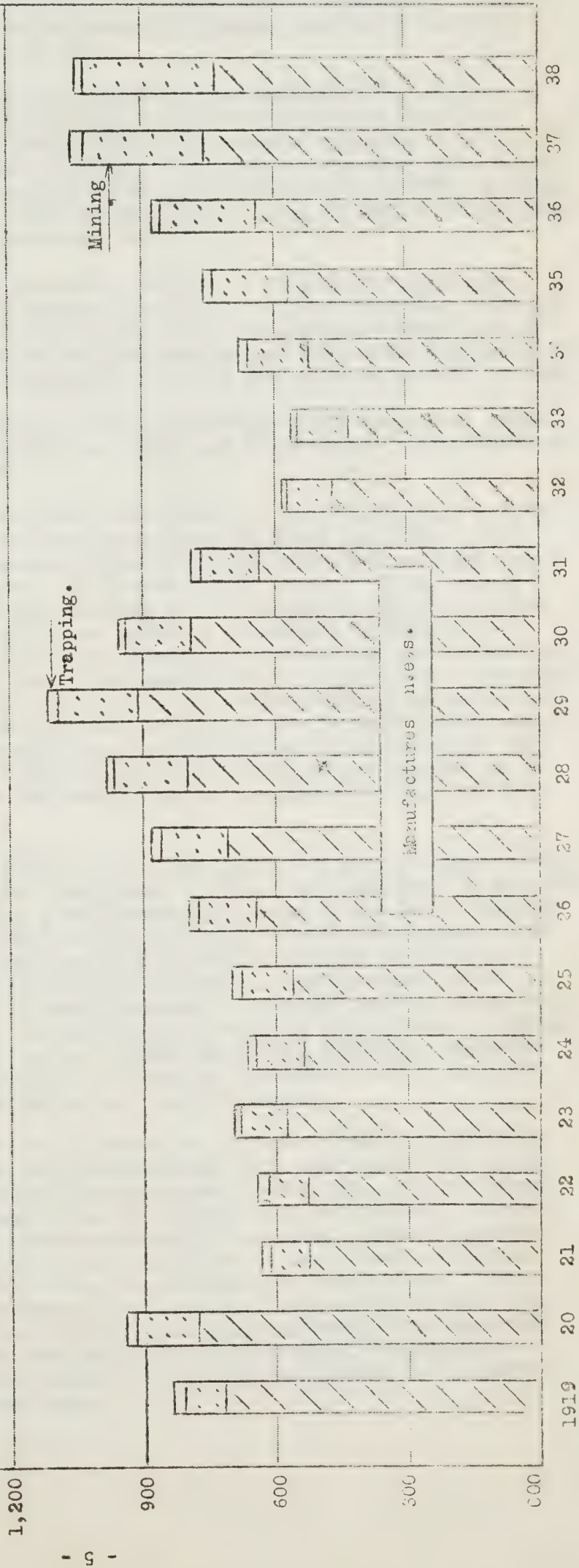
A striking development was the expansion in employment during the period under review. The index averaged for the first 7 reporting dates rose from 116.6 to 143.1 a gain of 22.7 per cent. Employment in manufacturing plants was 26.5 per cent greater, the index standing at 157.4.

Wholesale prices averaged 88.0 in the first eight months of 1941 against 82.6, a gain of 6.5 per cent. The increase has been appreciable from month to month and indexes for recent weeks are higher than at any other time in the last 11 years. The index in the week of September 26 was 92.8 against 82.9 in the same week of 1940. Each of the eight groups recorded important gains, the advance in animal products having been from 78.7 to 98.1. The index of 18 sensitive commodities rose from 64.7 one year ago to 80.7 in the latest week for which statistics are available.

The official index of the cost of living rose 12.8 per cent from August, 1939 to August of the present year. The standing of the index was 113.7 against 100.8 in the last-time month. The index which has been specified as a base for calculating cost of

Chart 3. National Income Originating in Manufactures n.e.s., Mining and Trapping.

1919 - 1938.



living bonus adjustments under Order-in-Council P.C. 7440 showed an increase of 12.8 per cent between August, 1939 and the latest month. The index of foods rose from 105.4 in August last year to 121.3 while the index of clothing advanced from 109.1 to 115.7

The money supply was \$3,506 million in August against \$3,017 million in the same month one year ago. This total was made up of notes in the hands of the public amounting to \$393 million and subsidiary coin amounting to \$45.4 million, plus deposits of \$3,067.7 million. Bank debits or the amount of cheques cashed totalled \$25.2 billion in the first eight months of this year against \$22.1 billion in the same period a year ago. It is estimated that the sum of the cash and cheque payments in August was \$4,136 million against \$3,161 million in the same month of 1940.

Current loans at the end of August were \$1,154 million against \$939.8 million on the same date of last year. The security holdings of the chartered banks rose from \$1,569 million to \$1,698 million in the same period. The notes of the bank of Canada in circulation on September 24 last were \$430.7 million. In the corresponding week of 1940 the amount was \$327.4 million. The deposits rose during the 12 months to \$322 million. The total investments of the bank were increased from \$541 million to \$657 million, these consisting of Dominion and Provincial government securities.

The total ordinary revenue of the Dominion from April 1 to August 31 last was \$590.5 million against \$328.8 million in the same period of the preceding year. The war appropriation rose from \$172.3 million to \$407.9 million. The ordinary expenditure on the other hand was only slightly changed at \$150 million against \$149 million in the five months of last year. The grand total expenditure rose from \$345 million to \$563 million.

Charts of this issue -- The national income originating in six industrial groups engaged in producing commodities is shown in the second and third charts. The estimates cover the twenty years from 1919 to 1938.

Agriculture includes the income derived by the farmer in woods operations on his own property, but excludes the return from the value added in dairy factories. The difference between the gross and net consists of materials purchased and seed and feed used whether bought or raised on the farm. The "value added" consists of the sum of cash sales, products raised on the farm and consumed by the occupants, and the imputed rent for the farm house. The estimate of income produced is derived by deducting depreciation and general expenses from the "value added". The miscellaneous expenses are made up of interest on short-term loans and on mortgages held by corporations, insurance, blacksmithing service and taxes. The distribution of the income produced includes the wages of the hired man, a living allowance for the members of the farmers' family assisting in the operations, interest on mortgages paid to individuals, an estimate for the work and management of the farmer and finally the profit or loss of the industry as a whole. The income of the farmer may be obtained by adding algebraically the last two items.

The forestry group comprises the activities of the lumber and pulp and paper mills, as well as woods operations on lands other than farmers' wood lots. The cost of materials, fuel and electricity is deducted from the gross operating revenue of the three branches of the industry. Depreciation is estimated at 5.5 per cent of the fixed capital. The number of employees and wages paid by the logging industry are pivoted on decennial census results. The number of working proprietors is based on the decennial census reports with interpolation by the number of establishments. The rates were estimated at a differential advance over wage rates. General expenses estimated on the basis of annual census results from 1919 to 1921 and a special enquiry for recent years were deducted from the "value added" to give the gross national product. Depreciation was deducted from the latter, the residue being regarded as the income produced.

Manufacturing is exclusive of processes carried on in close connection with the primary industries, the exceptions comprising saw milling, pulp and paper, fish curing and packing, non-ferrous metal smelting and several mineral industries, such as cement, salt, lime and clay products. The annual census of manufactures was the main source of basic materials for the computation of income produced by the group. General expenses were estimated for most years, the collection of statistics in early years after the war and for representative years recently being of assistance in this respect. Other labour income was obtained from the records of the Workmen's Compensation Boards. Net dividends and interest were obtained from a study of company statements and the totals supplied by the Income Tax Branch of the National Revenue Department. Withdrawals of working proprietors were based on the records of the Decennial Census as to numbers, and a differential rate over salaries and wages.

Statistics Illustrating the Economic Situation of Canada for the first eight months of 1941, compared with the same period of 1940.

Item	Unit or base period	First Eight Months		Increase + Decrease -
		1941	1940	
National Income (Tentative Compilation)	\$000	3,445,856	3,117,769	+ 10.5
Commodity Producing	\$000	1,707,024	1,461,668	+ 16.8
Commodity Handling	\$000	718,631	644,274	+ 11.5
Facilitating	\$000	1,020,201	1,011,827	+ 0.8
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	131.8	117.0	+ 12.6
Index of Industrial Production	1935-9=100	144.4	128.3	+ 12.5
Wholesale Prices	1926=100	88.0	82.6	+ 6.5
Index of Common Stock Prices	1935-9=100	66.7	79.3	- 15.9
Capitalized Bond Fields, Dominion	1935-9=100	104.3	98.8	+ 5.6
Mining Stock Prices	1935-9=100	74.5	81.8	- 8.9
Bank Debits	\$000	25,201,597	22,081,944	+ 14.1
Production and General Business				
Mineral Production	1935-9=100	130.7	126.4	+ 3.4
Gold Receipts	Fine Ozs.	3,422,941	3,280,512	+ 4.3
Silver Shipments	Fine Ozs.	12,805,131	14,756,302	- 13.2
Coal Production	Tons	10,868,590	10,696,604	+ 1.6
Manufacturing Production	1935-9=100	144.3	128.7	+ 12.1
Flour Production (First 7 Mos.)	Bbls.	12,132,395	8,790,547	+ 38.0
Sugar Manufactured	Lbs.	567,261,274	549,006,346	+ 3.3
Cattle Slaughtering	No.	1,095,360	1,051,801	+ 4.1
Hog Slaughtering	No.	3,743,623	3,025,671	+ 23.7
Cigarettes released	No.	5,397,537,480	4,965,781,504	+ 8.7
Cigars released	No.	117,102,557	101,093,732	+ 15.8
Leather Boots & Shoes (First 7 Mos.)	Pairs	15,992,447	13,294,720	+ 20.3
Raw Cotton Consumption	Lbs.	130,124,004	127,931,989	+ 1.7
Paper and Lumber -				
Newsprint Production	Tons	2,207,671	2,291,283	- 3.6
Exports of Planks and Boards	M ft.	1,435,686	1,511,451	- 5.0
Iron and Steel -				
Steel Ingot Production	Long Tons	1,536,604	1,300,033	+ 18.2
Pig Iron Production	Long Tons	833,351	734,436	+ 13.5
Automobile and Allied Industries -				
Automobile Production, Cars and trucks	No.	194,717	139,373	+ 39.7
Petroleum Imports	000 Gals.	1,007,200	904,216	+ 11.4
Crude Rubber Imports	Lbs.	88,962,399	62,022,360	+ 43.4
Construction -				
Contracts Awarded	\$	283,545,300	195,489,000	+ 45.0
Building Permits 2/	\$	67,500,377	68,521,314	- 1.5
Electric Power Production	000 K.W.H.	21,033,608	20,083,914	+ 4.7
External Trade - (X)				
Exports	\$	1,041,787,432	766,533,775	+ 35.9
Imports	\$	910,905,229	682,432,876	+ 33.5
Excess of exports over imports	\$	130,882,203	84,100,899	
Railways -				
Carloadings	No.	2,050,224	1,803,441	+ 13.7
Gross Revenue C.N.R. (Canadian Lines)	\$	165,258,000	134,628,000	+ 22.8
Gross Revenue, C.P.R.	\$	139,189,000	106,529,000	+ 30.7
Employment - 7 months' average unadjusted -				
General Index	1926=100	143.1	116.6	+ 22.7
Manufacturing		157.1	124.4	+ 26.5
Logging		191.0	145.9	+ 30.9
Mining		172.6	166.2	+ 3.9
Construction		108.3	72.3	+ 49.8
Building		122.9	56.7	+ 116.8
Highway		124.3	98.5	+ 26.2
Trade		153.2	140.1	+ 9.4
Banking - 8 Months' average				
Notice and Demand Deposits	\$	2,662,784,908	2,475,428,625	+ 7.6
Current Loans	\$	1,073,349,335	949,412,950	+ 13.1
Security Holdings	\$	1,741,380,544	1,602,268,375	+ 8.7
Call Loans - Canada	\$	33,372,449	46,211,821	- 27.8

(X) Excluding gold. 1/ Exclusive of tangible assets acquired by the Dominion Government, through war expenditure. 2/ 58 Municipalities.

11-D-01

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first nine months of 1941

compared with the same period of the

preceding year

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

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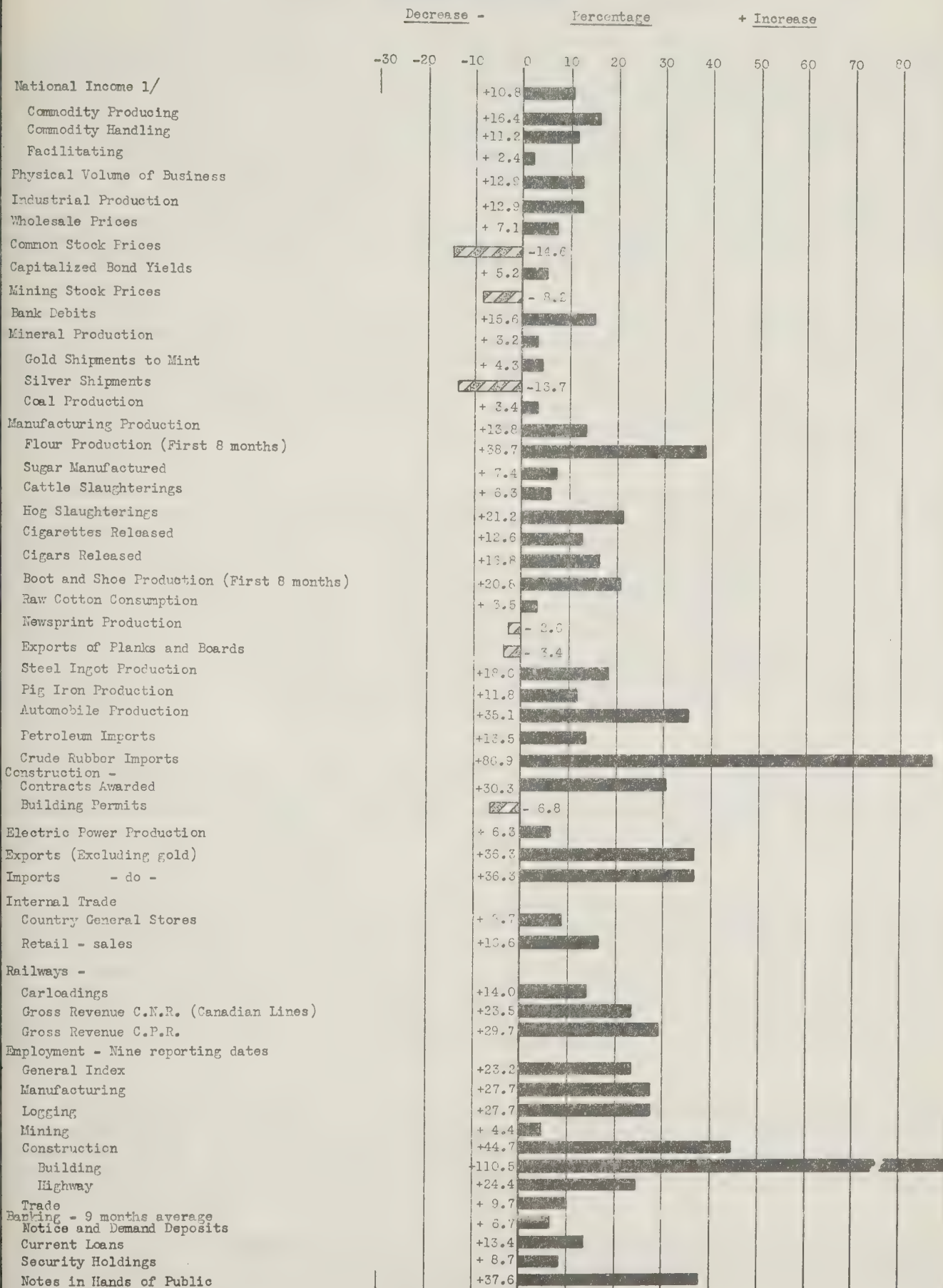
OTTAWA

1941

Price \$1 a year

The Economic Situation in Canada
in the First Nine Months of 1941

As compared with
the same period of 1940



1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditures.

- Dominion Bureau of Statistics -

Six items recorded declines, while forty-seven showed increases.

- 2 -
DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Dominion Statistician:	R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Chief, General Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS OF 1941
COMPARED WITH THE SAME PERIOD OF LAST YEAR

Reflecting the stimulus of war conditions further advance was recorded in economic activity during the first nine months of the present year. The national income, the most comprehensive measure of material prosperity, was \$3,891 million in the first nine months against \$3,511 million in the same period of 1940. The considerable increase of nearly 11 per cent was mainly occasioned by activities connected with the war effort. The nine main branches of commodity production recorded an advance of 16.4 per cent in this comparison. The total income originating in this division was \$1,928 million against \$1,656 million in the same period of last year. The increase in the distributive activities including transportation and trade was 11.2 per cent. The facilitating activities embracing finance, government and service, showed a minor increase but the total is exclusive of tangible assets acquired by the Dominion Government through war expenditure.

The national income consists of payments made to individuals such as salaries and wages, dividends, interest and withdrawals of working proprietors. The positive and negative savings of enterprises is also included in the general total. Savings are retained by enterprises eventually affecting the incomes of individuals. The increase in national income from month to month without important interruption since the outbreak of hostilities has led to a marked increase in the purchasing power in the possession of Canadian people.

An indicator of the more extensive use of natural resources brought about by war conditions is the advance in the index of the physical volume of business. The index averaged 133.8 in the first nine months of 1941, a gain of nearly 13 per cent over the high level of 118.5 reached in the same period of last year. The advances were general in the five main components. The most significant advance was shown in manufacturing production, the index advancing 18 points to 148.9. Mineral production recorded a moderate increase, the average of the index during the first nine months of 1941 having been 130.2. Gold receipts were 3,820,603 fine ounces against 3,662,991, a gain of 4.3 per cent. The greater part of gold produced by Canadian mines is normally shipped to the Mint for refining. Coal production was 12.4 million tons against 12.0 million, a gain of 3.4 per cent.

The expansion of war plants and equipment was continued during the present year. Contracts awarded including all classes of construction rose from \$248 million to \$323 million, a gain of more than 30 per cent. The power industry operated close to capacity. The output was 23.9 billion kilowatt hours against 22.5 billion in the first nine months of 1940, a gain of 6.3 per cent.

The external trade of Canada stimulated by war conditions recorded a marked gain during the period under review. The export trade excluding gold amounted to \$1,185 million against \$869 million in the first nine months of last year, the gain having been 36.3 per cent. A similar percentage increase was shown in imports which rose from \$769 million to \$1,048 million. The excess of exports over imports was \$137 million against \$101 million in the same period last year. The net exports of gold excluded from the above statement were \$153.5 million against \$150.2 million in the comparable period of last year, a gain of 2.2 per cent.

The increase in purchasing power was reflected in a marked gain in retail distribution. The index of retail sales averaged 125.5 in the first nine months of the present year against 107.6 last year, a gain of 16.6 per cent. A marked increase was also shown in wholesale trade, the index on the base of 1935-39 having been 138.6 against 116.4 in the first nine months of last year.

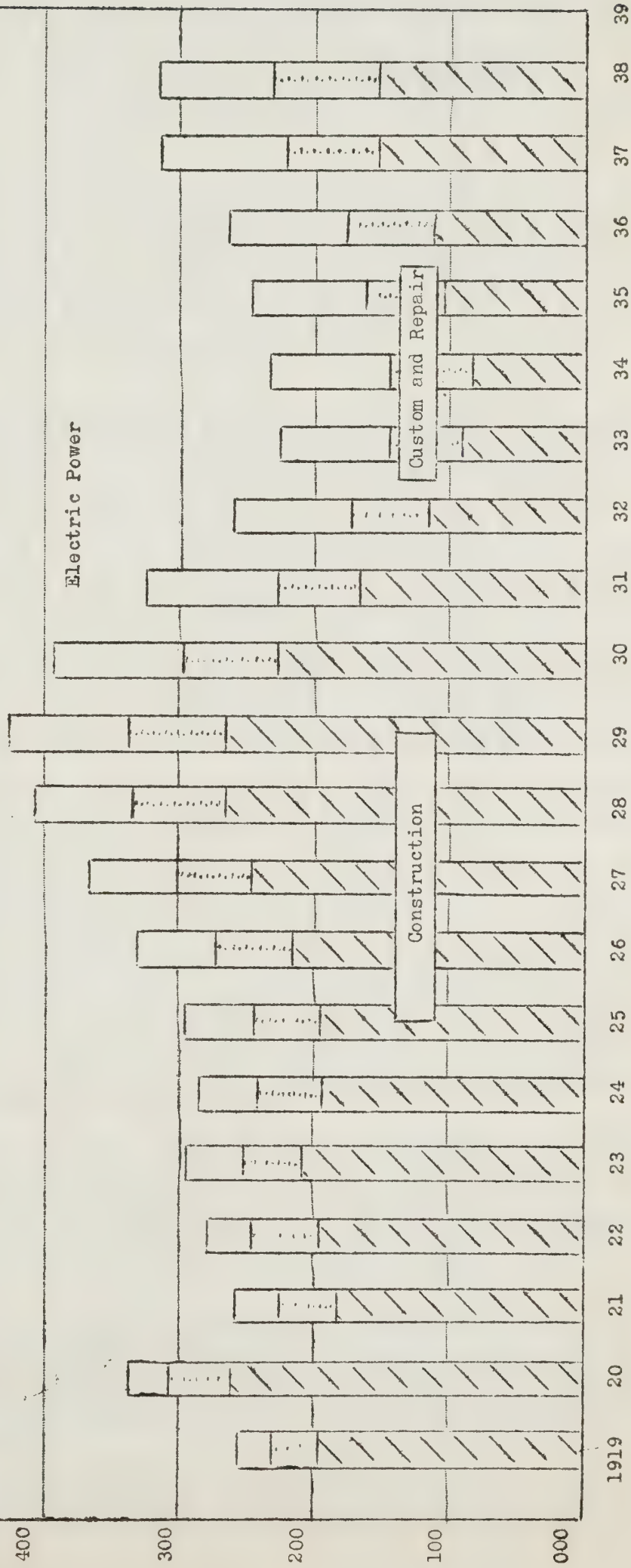
The movement of commodities reflected by the records of railway traffic, showed an important increase in the period under review. The number of cars loaded was 2,344,396 compared with 2,055,866. The gross operating revenue of the two large railway systems amounted to \$429.1 million in the first ten months of the present year. The standing one year ago was \$340.1 million, a gain of 26.2 per cent having been indicated. The revenue of this year was greater than at any other time since 1929 when the total was \$443 million.

The gain in productive operations resulted in a higher level in the working forces. The general index of employment during the first nine months averaged 147.2 against 119.5 in the same period last year, a gain of 23.2 per cent. An even greater percentage gain was shown in manufacturing, the index moving up from 127 to 162, an increase of nearly 28

Million
Dollars

Chart 2 - National Income Originating in Construction, Electric Power, and Custom and Repair.

1919 - 1938



per cent. Building construction was more than twice as active as in the same period of last year. The index of mining rose from 166.8 to 174.2, a gain of 4.4 per cent. The employment in trade showed considerable gain, the standing having been 154.1 against 140.5.

The index of wholesale prices averaged 88.5 up to the fourth quarter of the present year against 82.6 in the same portion of 1940, a gain of slightly more than 7 per cent. The weekly index for commodity prices was 93.7 during the week of October 31 against 83.6 in the same week of the preceding year. Each of the 8 components recorded important increases in this comparison. The index of crop products rose 10 points to 79.8, while animal products rose 20 points to 102. A minor gain was shown in non-ferrous metals, the standing of the index in the latest week having been relatively lower than that of any other group. Three of the indexes, animal products, iron and chemicals occupied a position above the average for the base year of 1926. The greatest relative gain since the base year was shown by iron and its products, the standing in the latest week having been 111.7 against 106.1 in the same week of 1940.

The gain in the index of the cost of living between August 1939 and the first of October was 14.6 per cent. The standing of the latest date was 115.5 compared with 114.7 at the beginning of the preceding month. During September the gain was less than one point, creating a precedent since May 1. The limited movement in September suggests a slowing-up in the rate of increase. The index is the base upon which the cost of living bonuses under the Dominion Government wartime wages policy are calculated. The bonus payable under the recently announced expansion of the wage policy to all industry will be calculated on the increase in the index from October 1 to next February.

The sum of the notice and demand deposits amounted to \$2,665 million at the beginning of October compared with \$2,659 million on the same date last year. A marked increase, however, was shown in the deposits of the Dominion Government which amounted to \$316.5 million in September against \$76.1 million a year ago. Dominion Government deposits increased sharply in June upon the receipt of payments on the the Victory Loan. Declines have been shown from month to month since that time. The reverse position obtained in regard to the sum of the notice and demand deposits which had shown a decline in June but successive increases since that time. An estimate of the notes in the hands of the public was nearly \$420 million at the end of September against \$338 million in the same month last year. Bank debits in September were \$3,301 million against \$2,571 in the same month of last year. The total cheques cashed during the first nine months of 1940 were \$28,502 million against \$24,653 million, a gain of \$3,849 million or 15.6 per cent. It was estimated that the sum of the cash and cheque payments in September amounted to \$4,378 million compared with \$3,353 million in the same month a year ago. The money supply had increased from \$3,055 million to \$3,499 million during the same twelve months.

The total revenue of the Dominion Government from April 1 to the end of September was \$696 million against \$383 million in the same period of last year. Marked increases were shown in income tax receipts and excise taxes of different descriptions. The collection of income taxes amounted to \$344 million against \$143 million, while the gain in excise taxes, sales, stamps, etc. was from \$110 million to \$201 million. In the same comparison the ordinary expenditures were about maintained at \$170.6 million, against \$169.2. The war appropriation rose from \$239 million to \$499 million, with the net result that the grand total expenditure was \$678 million during the five months against \$441 million in the same period of 1940. It will be noted that the revenues were slightly in excess of the expenditures, no account being taken of the loans and investments. In the preceding year the situation was reversed. During the month of September, however, the grand total expenditures were in excess of receipts and in view of the probable falling off in payments of income taxes, it is anticipated that the disparity will be extended during the remainder of the fiscal year.

Charts - The chart on page 3 presents the national income originating in construction, electric power and custom and repair. The results for six industrial groups were portrayed in last month's number of this publication. The nine groups make up the division engaged in the production of commodities. The primary industries include agriculture, forestry, fisheries, trapping, mining and electric power, while the secondary section embraces manufacturing, n.e.s., construction and custom and repair.

Commodity production contributed to the national income a yearly average of \$1,972 million during the twenty years under review compared with \$954 million derived from the distributive operations of trade and transportation and \$1,316 million from the facilitating activities of finance, government and service. It is surprising to find that more than 30 per cent of the national income was derived from activities other than the production and distribution of commodities.

The computation of the operating accounts of the construction industry presents difficulty especially for the period prior to 1934. Statistics of the industry were not

Chart 3. - National Income Originating in Water Transport, Steam and Electric Railways.

1919 - 1938

Million
Dollars

500

400

300

200

100

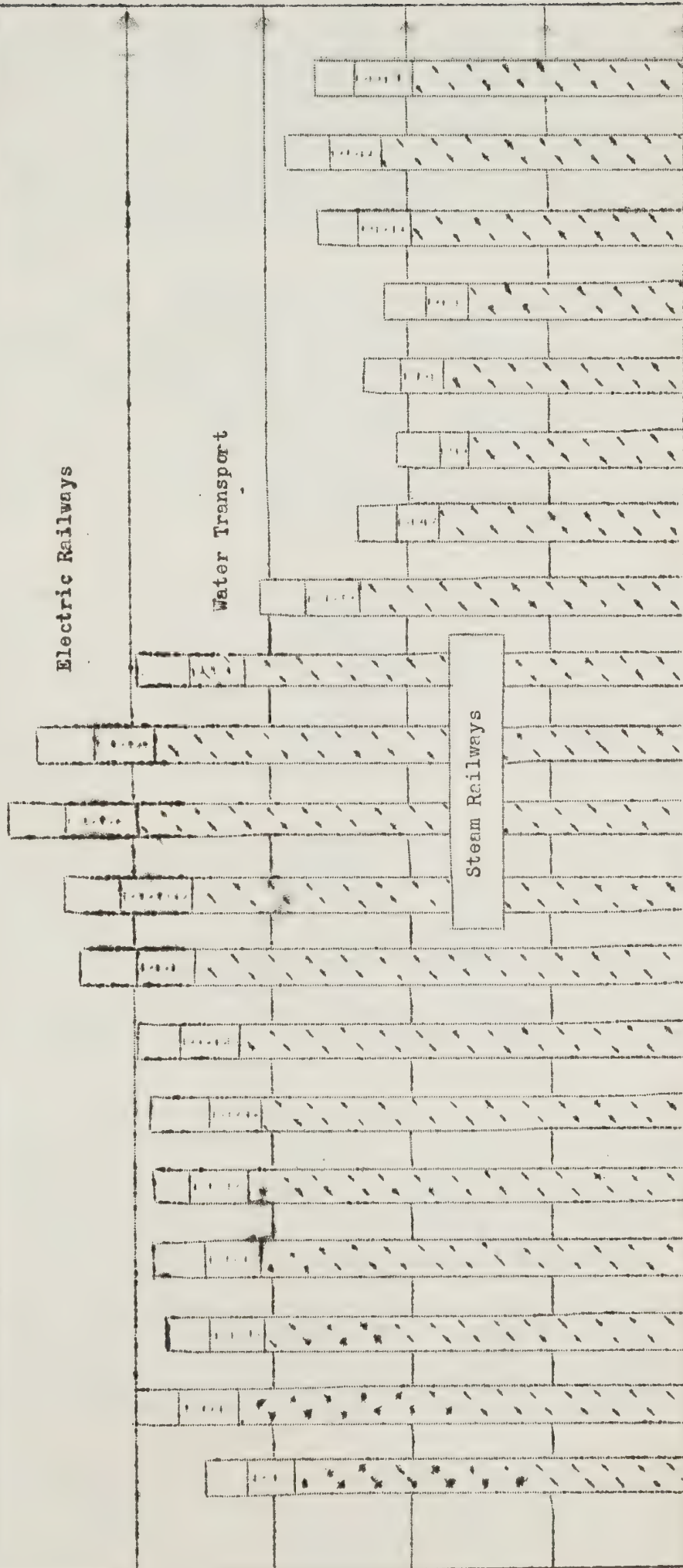
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Electric Railways

Water Transport

Steam Railways

1919 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39



collected from 1922 to 1933. The data on contracts awarded were used as a basis for estimating the gross operating revenues for years before 1934 when the collection of statistics was resumed by the Bureau. The decennial census presents data for salaries and wages and numbers of working proprietors for 1920-21 and 1930-31. Dividends and interest and positive or negative savings were determined from an examination of company accounts.

The operating accounts of the electric power industry were compiled from the reports of the Bureau and the company accounts as published in Corporate Securities and Annual Financial Review. Depreciation was estimated at 1.5 per cent of the fixed capital. Compensation and pensions paid to employees by Workmen's Compensation Boards constituted the other labour income. As the information available regarding general expenses was less satisfactory than for other factors, the series was used as a balancing account. Approximate agreement was shown with the following data: General expenses 1919-1923 as reported to the Bureau. Taxes 1923-1938 as in reports of Central Electric Stations. Miscellaneous expenses less taxes from 1919-23 based on percentage of net revenue extrapolated to period 1924-1938.

The custom and repair totals were computed by means of a study of thirteen industries. These included automobile repair, blacksmithing, bicycle repair, boot and shoe repair, dyeing, cleaning and laundry, harness and saddlery, jewelry repairs, lock and gunsmithing, fur cleaning and repairing, business machines, radio and electric repairs, upholstery and furniture and miscellaneous repair. The basic materials were assembled mainly from the annual census from 1919 to 1921, the personnel data of the industrial section of the decennial census of 1921 and 1931 and the census of 1930 on service establishments. The annual census of dyeing, cleaning and laundry work was also useful in this connection. The accounts of each of these industries were balanced over the period from 1919 to 1939. The summation for the thirteen industries supplied the record for the group.

Three of the eleven industries engaged in transportation and trade are presented in Chart 3. The annual statistics collected by the Bureau are used in determining the income payments and savings of the steam and electric railways. The salaries and wages paid by C.N.R. express and telegraph divisions of the two important railways were deducted from the grand total. Other labour income consists of compensations for injuries, pensions and other minor amounts. Dividend and interest receipts were deducted from payments to obtain net totals. Net savings were taken from the income account of the railways with a minor addition. A somewhat similar procedure was followed in making up the income produced by electric railways.

The income originating in water transport was based mainly on the decennial censuses of 1921 and 1931 with interpolation for intercensal years. The numbers of employees, the wage rate and the number of working proprietors were taken from the decennial census. The interpolation index was an average of the numbers of Canadian vessels passing through the canals and of the number engaged in shipping and stevedoring. This index was also used in the interpolation of subsistence allowances. The rate index was based on the experience in six industrial groups, the wage data for which was collected by the Bureau. The withdrawals of working proprietors were estimated from the smoothed version of the numbers and rates of employees. The rates were pivoted on a differential over the decennial wage rate in the 1921 and 1931 periods.

The economic structure is constantly changing, sometimes slowly as consumer wants gradually shift or as new inventions are gradually developed and put into use. The automobile and the radio are excellent examples, calling for new production arrangements. Economic changes are sometimes violent, as when a wave of mergers rapidly alters the industrial scene or a new impetus is given to labour organization by a shift in public policy. An understanding of the Canadian economy is a first step towards the reconciliation of present operating policies with the essential nature of the system.

While the aggregate of the money income of Canada recorded decline during the last twenty years, the reduction was by no means general throughout the entire field. The industries engaged in commodity production and handling show a decline in the second decade from the first of 18.1 per cent and 15.6 per cent, respectively. The facilitating industries as defined above, on the other hand, recorded an increase of approximately 11 per cent.

Statistics Illustrating the Economic Situation of Canada for the first nine months of 1941, compared with the same period of 1940.

Item	Unit or base period	First Nine Months		Increase + Decrease -
		1941	1940	
National Income (Tentative Compilation) ^{1/}				
	\$000	3,891,188	3,510,982	+ 10.8
Commodity Producing	\$000	1,928,400	1,656,322	+ 16.4
Commodity Handling	\$000	809,459	728,009	+ 11.2
Facilitating	\$000	1,153,329	1,126,651	+ 2.4
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	133.8	118.5	+ 12.9
Index of Industrial Production	1935-9=100	147.4	130.6	+ 12.9
Wholesale Prices	1926=100	88.5	82.6	+ 7.1
Index of Common Stock Prices	1935-9=100	67.2	78.7	- 14.6
Capitalized Bond Yields, Dominion	1935-9=100	104.3	99.1	+ 5.2
Mining Stock Prices	1935-9=100	74.6	81.3	- 8.2
Bank Debits	\$000	28,502,328	24,653,180	+ 15.6
Production and General Business				
Mineral Production	1935-9=100	130.2	126.2	+ 3.2
Gold Receipts	Fine Ozs.	3,820,603	3,662,991	+ 4.3
Silver Shipments	Fine Ozs.	13,979,090	16,199,168	- 13.7
Coal Production	Tons	12,446,462	12,039,355	+ 3.4
Manufacturing Production	1935-9=100	148.9	130.9	+ 13.8
Flour Production (First 8 Mos.)	Bbls.	13,984,534	10,081,998	+ 38.7
Sugar Manufactured	Lbs.	663,493,637	620,345,592	+ 7.4
Cattle Slaughtering	No.	1,258,035	1,182,876	+ 6.3
Hog Slaughtering	No.	4,198,536	3,463,714	+ 21.2
Cigarettes released	No.	6,263,494,099	5,563,072,854	+ 12.6
Cigars released	No.	134,086,562	114,846,528	+ 16.8
Leather Boots & Shoes (First 8 Mos.)	Pairs	18,404,551	15,239,075	+ 20.8
Raw Cotton Consumption	Lbs.	147,249,878	142,218,910	+ 3.5
Paper and Lumber -				
Newsprint Production	Tons	2,505,947	2,573,605	- 2.6
Exports of Planks and Boards	M ft.	1,726,815	1,788,363	- 3.4
Iron and Steel -				
Steel Ingot Production	Long Ton	1,737,163	1,464,548	+ 18.6
Pig Iron Production	Long Ton	945,108	845,456	+ 11.8
Automobile and Allied Industries -				
Automobile Production, Cars and trucks	No.	209,213	154,848	+ 35.1
Petroleum Imports	000 Gals.	1,203,964	1,060,535	+ 13.5
Crude Rubber Imports	Lbs.	127,255,620	68,083,514	+ 86.9
Construction -				
Contracts Awarded	\$	322,809,100	247,749,000	+ 30.3
Building Permits (58 Municipalities)	\$	75,801,301	81,324,052	- 6.8
Electric Power Production	000 K.W.H.	23,900,255	22,483,592	+ 6.3
External Trade (Excluding gold) -				
Exports	\$	1,184,684,051	869,311,971	+ 36.3
Imports	\$	1,047,896,396	768,719,704	+ 36.3
Excess of exports over imports	\$	+ 136,787,655	+ 100,592,267	-
Internal Trade				
Wholesale Sales	1935-9=100	138.6	116.4	+ 19.1
Retail Sales	1935-9=100	125.5	107.6	+ 16.6
Railways -				
Carloadings	No.	2,344,396	2,055,866	+ 14.0
Gross Revenue C.N.R. (Canadian Lines)	\$	188,800,000	152,886,000	+ 23.5
Gross Revenue, C.P.R.	\$	158,457,000	122,175,000	+ 29.7
Employment - 9 months' average unadjusted -				
General Index	1926=100	147.2	119.5	+ 23.2
Manufacturing		162.2	127.0	+ 27.7
Logging		178.8	140.0	+ 27.7
Mining		174.2	166.8	+ 4.4
Construction		119.2	82.4	+ 44.7
Building		130.5	62.0	+ 110.5
Highway		144.3	116.0	+ 24.4
Trade		154.1	140.5	+ 9.7
Banking - 9 Months' average				
Notice and Demand Deposits	\$	2,663,085,591	2,495,810,313	+ 6.7
Current Loans	\$	1,081,110,900	953,149,481	+ 13.4
Security Holdings	\$	1,736,308,745	1,597,955,053	+ 8.7
Notes in hands of Public	\$	382,436,477	278,031,701	+ 37.6

^{1/} Exclusive of tangible assets acquired by the Dominion Government through war expenditure.

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first ten months of 1941

compared with the same period of the

preceding year

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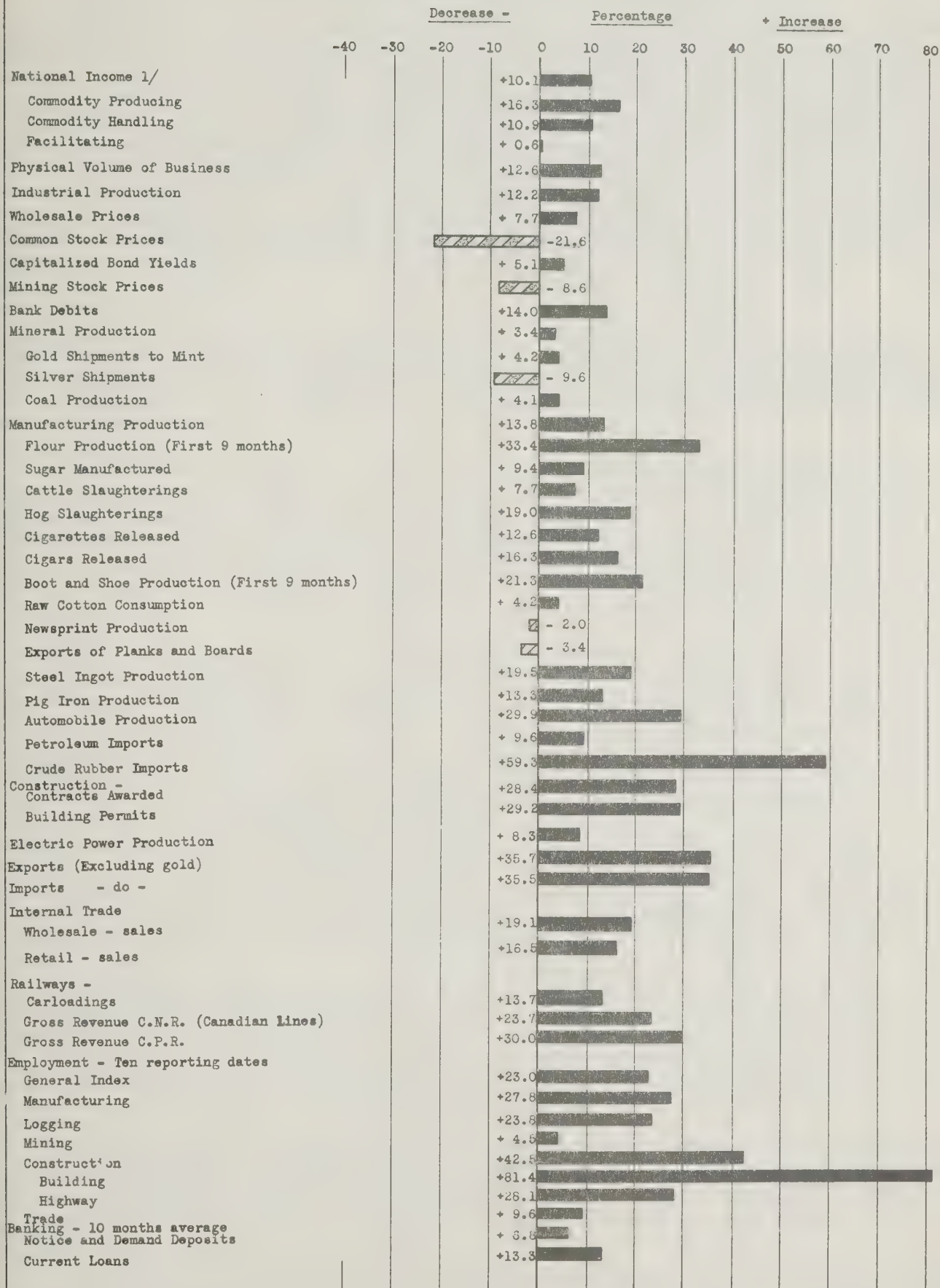
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OTTAWA

1941

Price \$1 a year

The Economic Situation in Canada
in the First Ten Months of 1941
As compared with
the same period of 1940



1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditures.

- Dominion Bureau of Statistics -

Five items recorded declines, while forty-six showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Dominion Statistician:	R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Chief, General Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TEN MONTHS OF 1941
COMPARED WITH THE SAME PERIOD OF LAST YEAR

The national income was \$4,335 million during the first ten months of 1941 against \$3,938 million in the same period of last year. The gain of more than 10 per cent represents the expansion in productive operations in a broad sense. From another viewpoint a marked gain was indicated in the purchasing power of the Canadian people. The national income was at a higher level during the elapsed portion of 1941 than in any other year. Despite the lower level of prices the national income was higher during the present year than in 1929 the culmination of the last prosperity period. The greater part of the expansion over the first ten months of 1940 occurred in the commodity producing industries. The income originating in the nine groups rose from \$1,849 million in 1940 to \$2,150 million in the period under review, a gain of 16.3 per cent. The increases in the commodity handling and facilitating activities were 10.9 per cent and 0.6 per cent respectively.

The index of the physical volume of business, the most comprehensive measure of productive operations on a physical basis, averaged 134.5 in the first ten months of the present year, against 119.5, a gain of 12.6 per cent. The standing during the present year was higher than in any other similar period since the end of the last war, when the index was first compiled.

The index of the physical volume of business is constructed from five main components. Demonstrating the general nature of the advances during the present year, each of the five components recorded gains over the first ten months of 1940. The index of mineral production rose from 125.3 to 129.6, a gain of 3.4 per cent. The receipts of gold at the Mint, reflecting the output of the gold mining industry, rose from 4,093,833 ounces to 4,264,499 fine ounces, a gain of 4.2 per cent. The output of coal during the ten months was 14.3 million tons against 13.7 million in the same period one year ago.

Manufacturing production recorded a marked expansion in 1941 to a new high position. The index rose from the high point of 132.5 in 1940 to 150.8 in the period under review, a gain of nearly 14 per cent. Among the consumers goods industries, the flour milling group showed marked gain in operations. The output of wheat flour was 15.6 million barrels against 11.7 million, a gain of about one-third. The increase in the manufacture of sugar was 9.4 per cent. The meat packing industry was considerably more active as indicated by the slaughterings of cattle and hogs. The release of cigarettes was 12.6 per cent greater, the total having been 7,108 million against 6,310 million. The release of cigars was 16.3 per cent greater, the advance having been from 131.6 million to 153.0mn. The boot and shoe industry produced heavily in the first nine months, the total having been 20.9 million pairs against 17.2 million a gain of 21.2 per cent. The consumption of raw cotton by the textile industry rose from 158.9 million pounds to 165.6 million. The production of newsprint was practically maintained at the high level of last year.

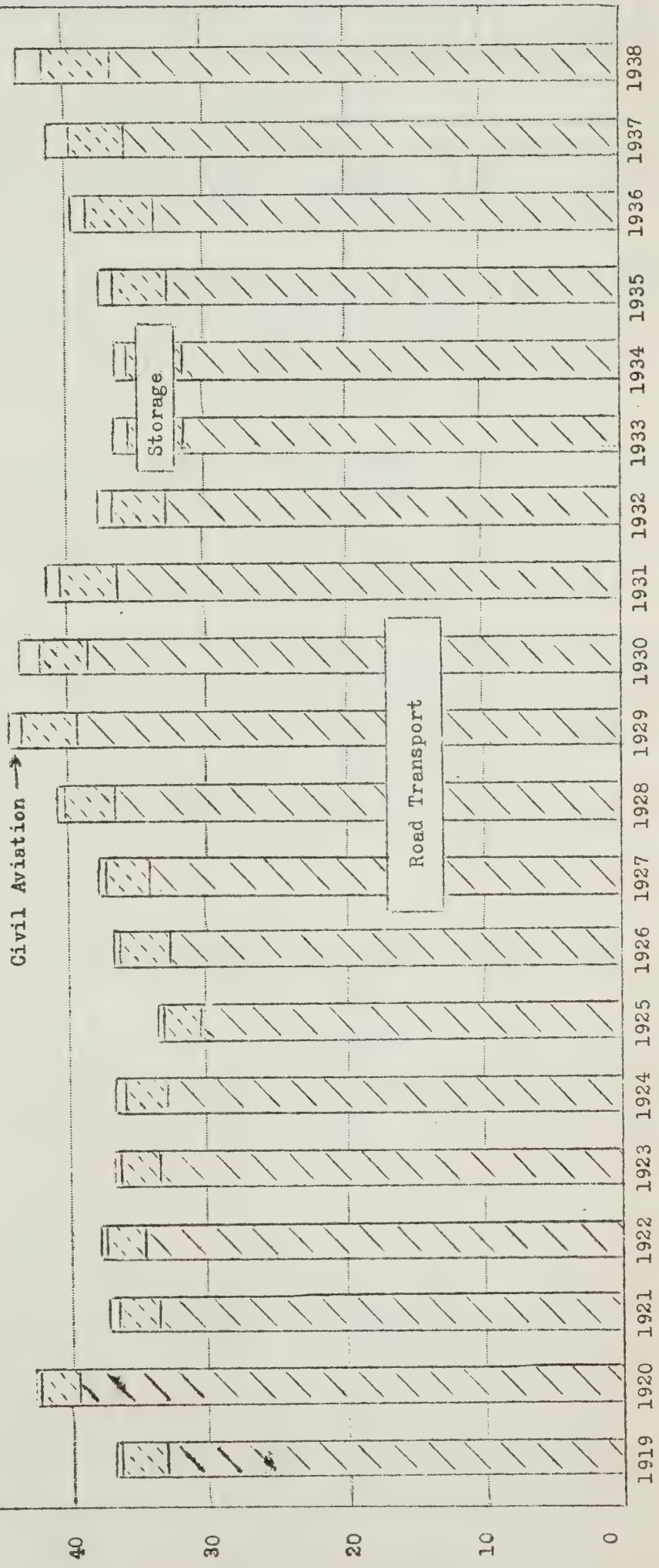
The iron and steel industry was in the forefront of the expansion during 1941. Steel ingot production recorded a gain of 19.5 per cent to 1,971,909 tons. The increase in pig iron production was 13.3 per cent, the gain having been from 955,000 to 1,082,000 tons. The output of automobiles, including military vehicles, was nearly 30 per cent greater, the total being 228,573 units against 175,999. Crude petroleum imports rose 9.6 per cent, while crude rubber imports were more than 59 per cent greater.

The new business obtained by the construction industry showed marked expansion in 1941, the total having been \$351.9 million, against \$374.1 million in the same period a year ago. A gain of 28.4 per cent was indicated in the amount of contracts awarded and a slightly greater percentage increase was shown in building permits issued in 58 municipalities.

The increase in electric power production was of such proportions that a question was raised as to whether the industry was in a position to meet the expanding requirements. The output in the first ten months was 27.0 billion kilowatt hours compared with nearly 25 billion in the comparable period, a gain of 8.3 per cent. The increase in firm power produced was of considerably greater proportions.

Million
Dollars

Chart 2. National Income Originating in Road Transport
Storage and Civil Aviation.



An index of wholesale sales averaged 141.8 in the first ten months of the present year, against 119.1 in the same period of 1940. The gain of more than 19 per cent represents mainly the expansion in demand for consumers goods due to the additional purchasing power in the hands of the public. An index of retail sales during the same period rose from 110 to 128, the increase having been 16.5 per cent.

During the current year the salient features of Canada's external trade remained the heavy and increasing import surplus from the United States, and the even greater export surplus with Britain.

Over the first nine months of 1941 imports from the United States totalled \$717 million. This total represented an increase of 36 p.c. over the corresponding period of 1940, and of 90 p.c. over the corresponding period of 1939. Exports to the United States during the same period were approximately \$427 million, representing an advance of 33 p.c. over 1940 and being 79 p.c. higher than in 1939.

Canada's most valuable commodity exported to the United States during the current year was again newsprint and other wood products. Our increase in exports to the United States since 1940, however, resulted mainly from heavy shipments of aluminium, lead, nickel and zinc, based largely on the Hyde Park agreements. The 79 p.c. increase in the exports over two years ago has been principally caused by the increased American requirements for Canadian newsprint, with heavy demands for aluminium and nickel also a significant factor.

Carloadings for 1941 are already far in advance of any annual total since the all-time peak of 1930. This figure should also be surpassed by the end of December. Loadings of pulp and paper and ores, reflecting the great activity of the paper and mining industries, have already established new records. Grain loadings are at their highest level since 1928, with merchandise also comparing well with recent years. Gains in the latter field have been limited by the growth of the trucking industry.

The index of wholesale prices on the base of 1926 was 93.9 in the week of November 28th, against 84.1 in the same week one year ago. The rise in wholesale prices has continued since the outbreak of hostilities, the sharpest advances having been recorded during the first four months of the war and during the present year. Three of the eight main groups reached a position somewhat in advance of the base year of 1926. Animal products showed the sharpest gain during the last twelve months, the standing in the week of November 28th having been 101.5 against 82.5 in the same week of last year. Iron and its products and chemicals also occupy a higher position in relation to the base period. The increase in the price of non-ferrous metals and other products was of minor proportions during the last twelve months and the present standing relative to 1926, is lower than that of any other in the eight main groups.

The new licensing and price-fixing policy recently initiated by Order-in-Council has been called a "complete mobilization of the nation's business and industry". Together with the complementary move towards stabilization of wages, it represents a large-scale concerted effort to avert inflation.

The Wartime Prices and Trade Board will have the responsibility of fixing the price limits which will be established for finished products such as flour, meat, and fully manufactured goods generally. Eleven important services are also brought under the price-freezing order which will necessitate a much greater measure of co-ordination in the work of the board.

The Board's new powers will also extend to control of production, manufactures, storage and transportation. It may restrict the manufacture of any commodity, or regulate the terms of sale apart from the actual prices. It may also grant exemption from the regulations in individual cases. The Board will exercise control largely through the licensing system, which came into effect early in December for at least 200,000 dealers in fuel, food and clothing. Domestic production of many durable consumers goods, such as radios, has already been curtailed, and drastic restrictions placed on instalment buying and selling.

This governmental price fixing was balanced by the extension through Order-in-Council, of the wage policy previously adopted for war industries to all industries covered by the Industrial Disputes Investigation Act. The Order provides that the highest wage rates to be established in a given industry between 1926 and December 1940 may be restored, but are not to be exceeded. Such wages may be supplemented by a separate cost of living bonus which should protect the worker from increases in the cost of basic necessities. Bonuses should provide a payment of \$1.25 a week for each 5 per cent increase in the cost-of-living index.

Chart 3. National Income Originating in Telephones,
Telegraphs and Express,
1919 -- 1938.

Million
Dollars

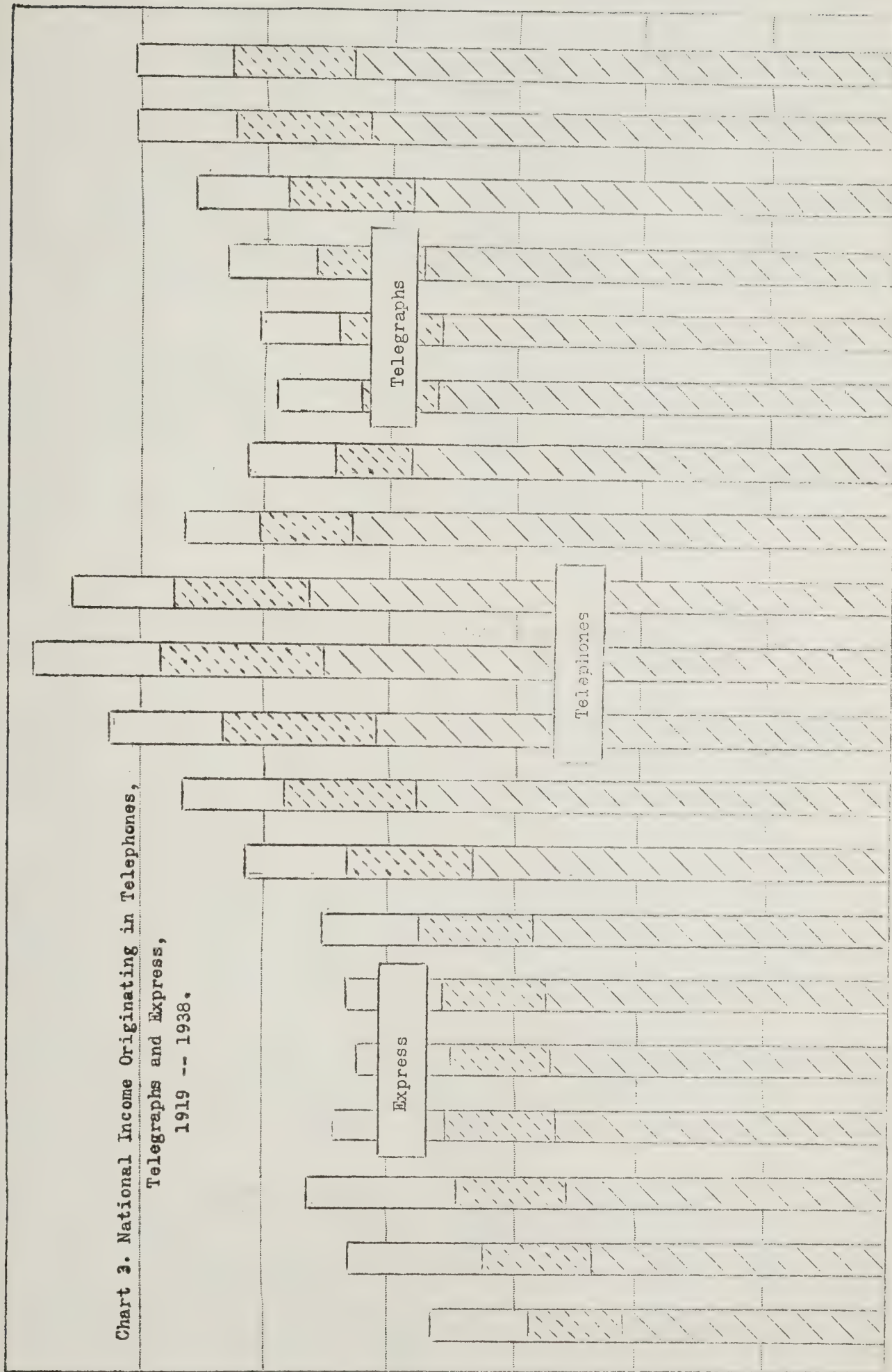
50
40
30
20
10
0

Telegraphs

Telephones

Express

1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1937 1938



Wage regulation, however, is merely a part of an increasingly definite labour policy which war necessities have imposed on the government. It is equally necessary to resolve disputes between capital and labour in war industries, and to reduce the skilled labour shortage.

To achieve the first of these two objects the Industrial Disputes Investigation Act of 1907, which previously applied only to mining, transportation, communication and public services utilities, has now been extended to cover all industries engaged in war work. Any strike or lockout in such an industry is now prohibited until the dispute has been submitted to a duly appointed three-man Board of Conciliation. If mediation fails, the findings of the board are published so that the public may realize the issues involved. Boards have been invoked in eighty-eight cases since the outbreak of the war. In all but eleven of these disputes, the threatened stoppage of work was averted. Due partly to the activities of the Boards, the working time lost through industrial disputes since the outbreak of war has been relatively small. The total loss in man days for 1940 was 20 per cent less than the average loss over the last ten years, despite the larger labour force employed. The first eight months of 1941 have shown a slight absolute increase in time loss, but the per capita loss per workman has declined still further. Serious shortages of skilled labour have inevitably developed as a result of the tremendous increases in employment recorded by the iron and steel, chemicals, and non-ferrous metal industries since the outbreak of war. A considerable steel shipbuilding industry has been virtually created, several other branches of steel manufacture have more than doubled their working force, automobile fabrication recording the next largest gain.

An Order-in-Council of November 1940, designed to reduce the competition of employers for skilled labour, prohibits any person, firm or corporation from enticing skilled workers from other companies producing war materials. This Order has been extended to include all companies engaged in the Commonwealth Air Training Plan, or covered by the Industrial Disputes Investigation Act. An emergency training programme has also been set up by the Inter-Departmental Committee on Labour Co-ordination, by which 100,000 men may be trained for war work during 1941. In May 1941, the Department of National Defence arranged to postpone military training of "key men" in war industries, with a view to securing the best possible distribution of the country's manpower.

CHARTS

The charts on pages 3 and 5 portray the income produced by six industrial groups of the transportation and communications activities. The results for twelve industrial groups were shown in the two preceding numbers of this publication.

The two major groups constituting the commodity handling activities experienced a reversal in the last decade. The income produced by steam railways alone declined more than 32 per cent between the decades, while gains in the group were limited to road transportation, civil aviation, storage and telephones. Declines were shown in retail and wholesale trade, the reversal in the latter being relatively more important.

Knowledge of the general features of economic depression leads to the expectation that various industries will react unequally to the drastic contraction which characterized the last decade of the period under review. An analysis of the economic structure is not only made necessary by the depression in economic activity which followed 1929 but is greatly aided by that development. The rapid drop in national income from a value of over \$5.1 billion in 1929 to under \$2.8 billion four years later and the considerable recovery since that time gives the economic analyst what is almost equivalent to a laboratory experiment on the basis of which many structural characteristics may be observed.

Some industries, sheltered from the pressure of changing conditions, continued to give employment and pay out only moderately changed volumes in income to labour and capital. Others, more exposed to adverse changes in competitive markets and supplying services which were easily dispensed with in hard times, recorded shrinkages in employment and income relatively much greater than the contraction in the economic system as a whole.

The payroll of the road transport industry was computed by means of interpolation between the census years of 1921 and 1931, and extrapolation for other periods. The number working in 1930 was placed at 21,754 against 16,881 in 1921. The rates on the other hand, declined from \$1,000 to \$974, during the same period. The index of employment in electric railways and cartage was used to determine the numbers in intercensal years, while rates were established by reference to the trend in six important industrial groups. The numbers of working proprietors were based on decennial census reports with a smoothed version of the index of employment in this industry for other years. The rates were established for 1930 by a formula, the standing in 1920 and 1930 being computed at \$1,188 and \$1,116, respectively.

- 7 -

Statistics Illustrating the Economic Situation of Canada for the first ten months
of 1941, compared with the same period of 1940.

Item	Unit or base period	First ten Months		Increase + Decrease -	
		1941	1940		
National Income (Tentative Compilation) 1/ \$000		4,335,415	3,937,663	+	10.1
Commodity Producing	\$000	2,149,766	1,848,632	+	16.3
Commodity Handling	\$000	900,617	812,227	+	10.9
Facilitating	\$000	1,285,032	1,276,804	+	0.6
<u>General Economic Situation</u>					
Index of Physical Volume of Business	1935-9=100	134.5	129.5	+	12.6
Index of Industrial Production	1935-9=100	148.3	132.2	+	12.2
Wholesale Prices	1926=100	89.1	82.7	+	7.7
Index of Common Stock Prices	1935-9=100	67.4	86.0	-	21.6
Capitalized Bond Yields, Dominion	1935-9=100	104.4	99.3	+	5.1
Mining Stock Prices	1935-9=100	74.1	81.1	-	8.6
Bank Debits	\$000	32,129,505	28,179,805	+	14.0
<u>Production and General Business</u>					
Mineral Production	1935-9=100	129.6	125.3	+	3.4
Gold Receipts	Fine Ozs.	4,264,499	4,093,833	+	4.2
Silver Shipments	Fine Ozs.	15,748,767	17,425,669	-	9.6
Coal Production	Tons	14,313,320	13,747,633	+	4.1
Manufacturing Production	1935-9=100	150.8	132.5	+	13.8
Flour Production (First 9 Mos.)	Bbls.	15,633,444	11,717,847	+	33.1
Sugar Manufactured	Lbs.	779,367,254	712,519,894	+	9.4
Cattle Slaughtering	No.	1,443,336	1,339,574	+	7.7
Hog Slaughtering	No.	4,872,021	4,094,794	+	19.0
Cigarettes released	No.	7,107,786,048	6,310,166,641	+	12.6
Cigars released	No.	152,984,814	131,582,041	+	16.3
Leather Boots & Shoes (First 9 Mos.)	Pairs	20,857,783	17,198,738	+	21.3
Raw Cotton Consumption	Lbs.	165,591,120	158,881,558	+	4.2
Paper and Lumber					
Newsprint Production	Tons	2,824,734	2,883,562	-	2.0
Exports of Planks and Boards	M ft.	1,960,095	2,029,657	-	3.4
Iron and Steel					
Steel Ingot Production	Long Ton	1,971,909	1,449,639	+	19.5
Pig Iron Production	Long Ton	1,032,222	954,841	+	13.3
Automobile and Allied Industries -					
Automobile Production, Cars and Trucks	No.	228,573	175,999	+	29.2
Petroleum Imports	000 Gals.	1,358,652	1,239,104	+	9.6
Crude Rubber Imports	Lbs.	137,178,658	26,140,318	+	59.3
Construction -					
Contracts Awarded	\$	351,891,900	274,110,000	+	28.4
Building Permits (58 Municipalities)	\$	85,839,250	66,490,187	+	29.2
Electric Power Production	000 K.W.H.	27,040,578	24,971,047	+	8.3
External Trade (Excluding gold) -					
Exports	\$	1,324,284,800	976,102,781	+	35.7
Imports	\$	1,188,715,434	377,364,556	+	35.5
Excess of exports over imports	\$	135,569,366	98,738,225		-
Internal Trade					
Wholesale Sales 1935-9=100		141.8	119.1	+	19.1
Retail Sales 1935-9=100		128.2	110.0	+	16.5
Railways					
Carloadings	No.	2,656,924	2,336,507	+	13.7
Gross Revenue C.N.R. (Canadian Lines)	\$	213,672,000	172,732,000	+	23.7
Gross Revenue, C.P.R.	\$	180,735,000	139,066,000	+	30.0
Employment - 10 months' average unadjusted -					
General Index	1926=100	149.1	121.2	+	23.0
Manufacturing		164.5	128.7	+	27.8
Logging		178.3	144.0	+	23.8
Mining		175.0	167.4	+	4.5
Construction		122.8	86.2	+	42.5
Building		133.9	73.8	+	81.4
Highway		150.7	117.6	+	28.1
Trade		154.8	141.2	+	9.6
Banking - 10 Months' average					
Notice and Demand Deposits	\$	2,669,499,332	2,500,303,513	+	6.8
Current Loans	\$	1,087,685,510	960,262,361	+	13.3

1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditure.

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first eleven months of 1941

compared with the same period of the

preceding year

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

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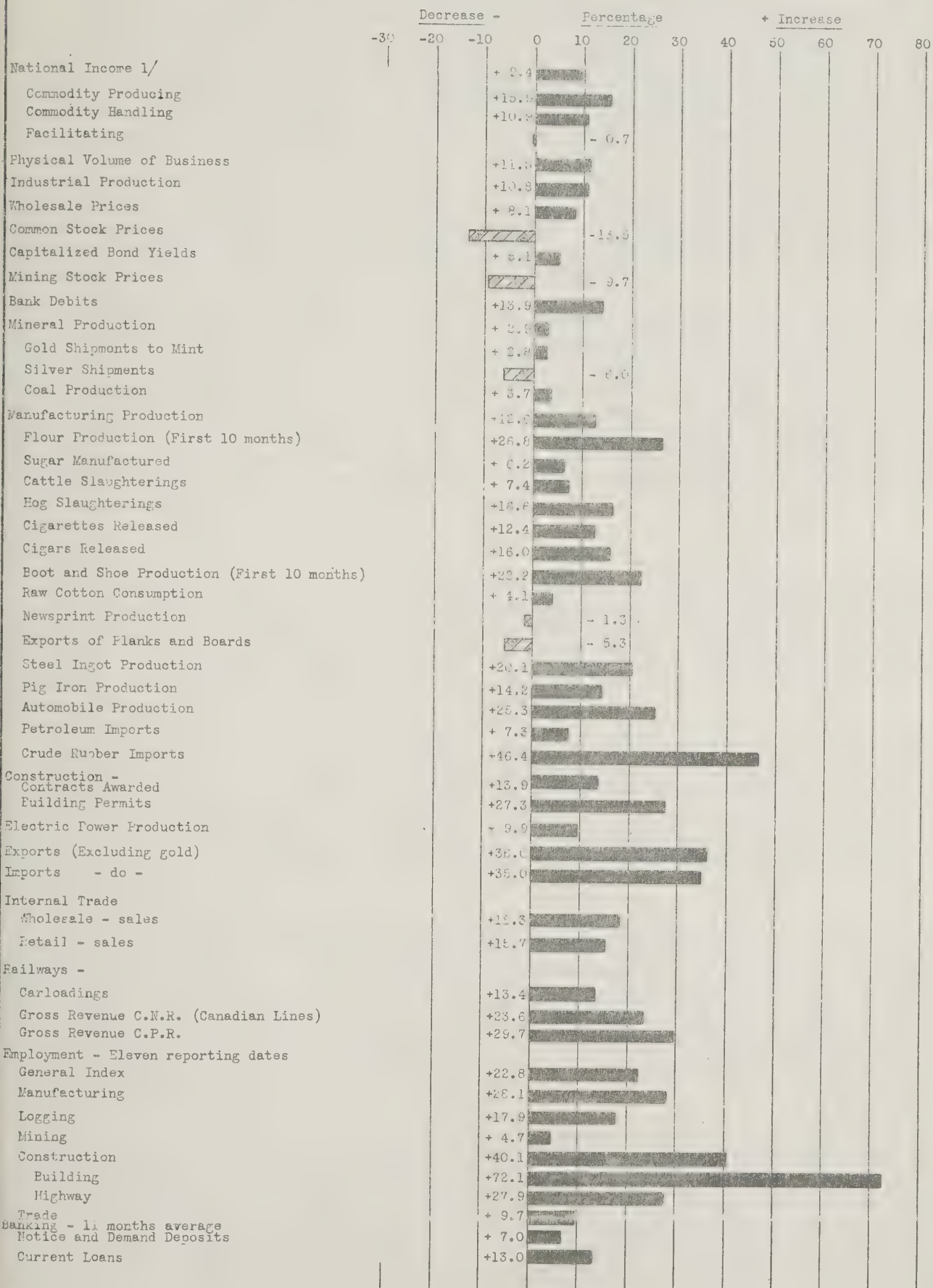
OTTAWA

1942

Price \$1 a year

The Economic Situation in Canada
in the First Eleven Months of 1941

As compared with
the same period of 1940



1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditures.

- Dominion Bureau of Statistics -

Six items recorded declines, while forty-five showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Dominion Statistician:	R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Chief, General Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST ELEVEN MONTHS OF 1941
COMPARED WITH THE SAME PERIOD OF LAST YEAR

During the first eleven months of 1941, the Canadian national income as compiled by the Bureau was \$4,777,751,000, representing a gain of 9.4 p.c. over the income of \$4,365,340,000 recorded for the same period of 1940. Since May, the monthly national income has been fairly stable fluctuating much less during the year under review than have other measures of economic activity, such as the index of the physical volume of business.

This statement is also broadly true of the income attributed to each of the three main functional groups. Since May, the income of the commodity producing industries has been about 50 p.c. of the national total, and has fallen off a trifle since September. The aggregate figure for the first eleven months was \$2,367,291,000 as compared with \$2,041,680,000 for the preceding year, a gain of 15.9 p.c.

The commodity handling activities, contributing rather more than 20 p.c. of the national income, have also been very stable over the last six months. During the entire period, the total income for this group was \$993,637,000, a gain of 10.9 p.c. over the total of \$896,302,000 recorded for the first eleven months of 1940. Both these divisions have shown substantial increases over the preceding year. The income of the "facilitating" industries, while showing a gradual upward trend during the year, fell off 0.7 p.c. during the eleven months as compared with 1940. The total for the latter group comprising finance, government and service is exclusive of assets acquired by the Dominion government through war expenditures.

PRODUCTION

The general index showing the physical volume of business stood at 134.2 for the first eleven months of 1941, the corresponding figure for 1940 being 120.4. An advance of 11.5 p.c. has thus been shown, despite a slight recession during the past two months. The index of industrial production, which as a rule, shows close correlation with the "physical volume" figures, has risen 10.8 p.c. over the period to 147.9 although it has also recorded an appreciable recession since September.

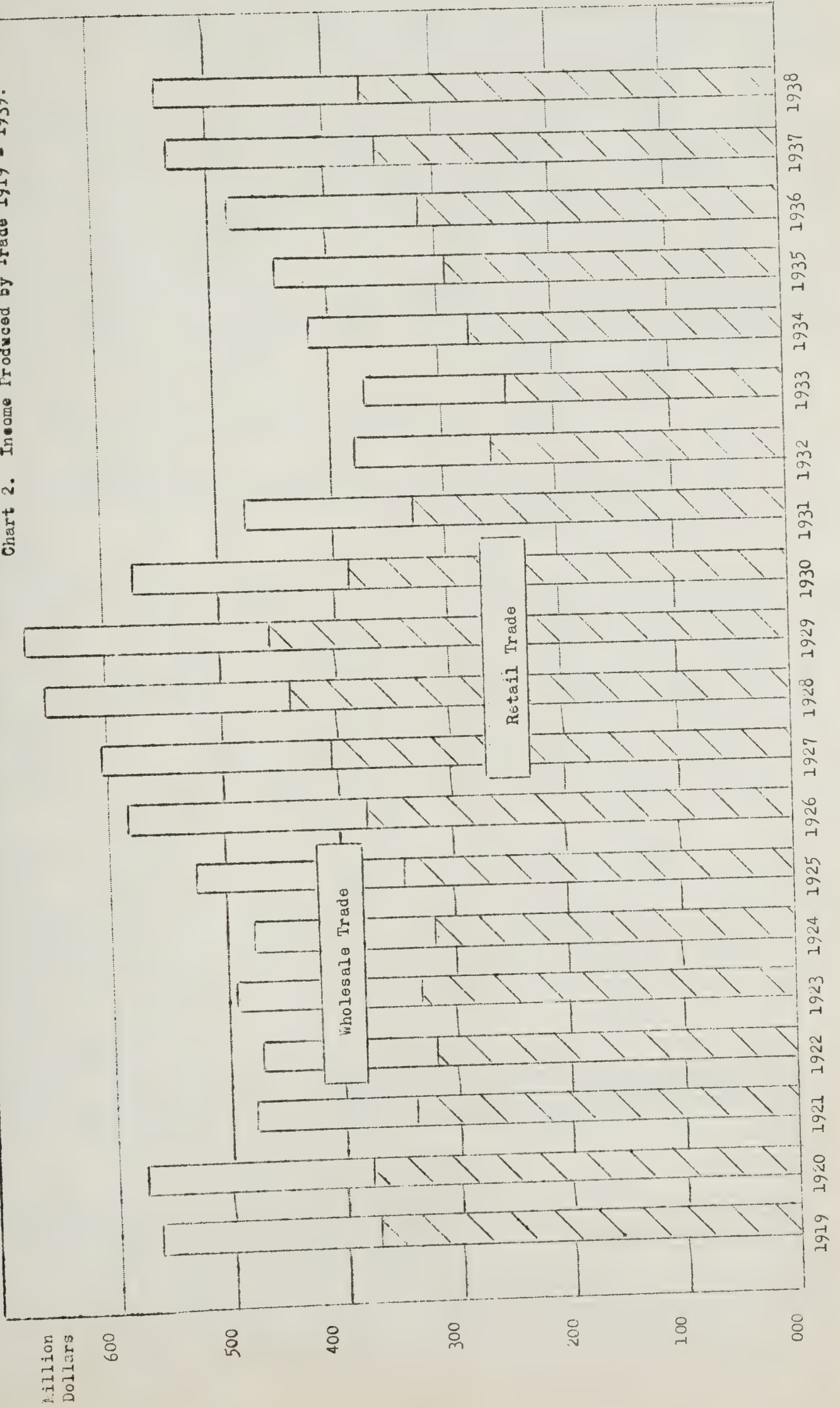
The index of manufacturing production stood at 150.7 for the first eleven months of 1941 as compared with 133.8 for the preceding year, a gain of 12.6 p.c. The flour milling industry recorded a marked gain over the period the output rising nearly 27 p.c. to well over 17 million barrels. Substantial gains were also posted by the meat packing industry. Production of cigars and cigarettes continued at record levels. Over the period, nearly 7,862 million cigarettes were released, as compared with 6,997 million in 1940, a gain of 12.4 p.c.

Iron and steel production has shown considerable further advance over the high levels of the preceding year, the output of steel ingots rising 20 p.c. from 1,826,000 tons to 2,193,000. The corresponding increase for pig iron was 14.2 p.c., from 1,064,000 tons to 1,216,000. These increases are closely bound up with developments in the automobile industry. Total production of motor cars and trucks rose to 250,118 during the first eleven months of 1941. This represented an increase of 25.3 p.c. over the corresponding total of 199,620 recorded for 1940. Military vehicles formed a constantly increasing proportion of this output.

Over the eleven-month period, newsprint production has been a trifle below the total for the first eleven months of 1940, falling off from 3,166,000 tons to 3,125,000. During November, however, the most intensive production of the year was recorded with over 85 p.c. of capacity being utilized. Exports of planks and boards have fallen off 5.3 p.c. from the high level of 1940, although the output remains high. In a report issued by the Canadian Pulp and Paper Association, it is disclosed that the industry is now contributing scores of essential parts to the country's naval, ordnance, and aeroplane construction programmes.

Construction contracts awarded during the first eleven months of 1941 totalled \$374,781,400 as compared with \$329,091,900. This represented a gain of nearly 14 p.c. above the high level of last year, and showed that the industry was still on the up-grade despite the completion of many war-time projects. The building permits issued in 58 municipalities totalled \$94,467,000 over the period, more than 27 p.c. above the figure of \$74,206,000 recorded for 1940.

Chart 2. Income Produced by Trade 1919 - 1939.



During November the production of electric power rose to nearly 3,184 million kilowatt hours, surpassing the record established in the preceding month. The total for the eleven-month period has risen nearly 10 p.c. above the high 1940 level, from 27,496 million to 30,225 million.

Preliminary estimates indicate that the total value of Canadian mineral production during 1941 has set an all-time record. This value was tentatively placed at \$553,941,000 representing a gain of 4.6 p.c. over the 1940 output of \$529,825,035. The increase over the 1939 total, the highest recorded up to that time, was nearly 17 p.c.

Gold production is given tentatively as 5,322,247 fine ounces, this constituting a slight increase over the very high 1940 total of 5,311,145 fine ounces. The total value of Canada's gold output should be almost \$205,000,000, differing little from last year's amount. Silver production at 20,437,136 fine ounces will show a decrease of about 14 p.c. in quantity and value. The combined output of the four base metals, nickel, copper, lead and zinc recorded an advance of about 6.6 p.c. over 1940, being valued at \$166,157,000 as compared with \$155,922,881 during the preceding year.

Coal production posted an increase of 3 per cent, the preliminary production estimate for the year being 18,136,103 short tons. This advance was due to the Western mines of Alberta, British Columbia and Saskatchewan, with the output in the Maritimes recording a decrease. Attempts to stabilize the Alberta petroleum output resulted in an increase of 17.6 p.c. in Canadian production, the total rising to 10,107,000 barrels. A decline was shown in the natural gas output.

Expanding production was general in the structural materials group, clay products, cement, lime and sand and gravel all recording gains.

Present indications are that owing to rising costs, peak production has been reached for the time being in the gold mining industry. Canadian base metals have played a vital part in the allied war effort during the past year and may be even more important in 1942.

EMPLOYMENT

The monthly index for general employment is still showing steady increases, contrary to the usual seasonal trend. The average index stands at 150.8, having risen nearly 23 p.c. above the index of 122.8 recorded for the first eleven months of 1940. The manufacturing index has posted an even greater advance and now stands at 166.6, representing a gain of over 28 p.c. Despite the intense activity and constantly increasing production recorded in the mining industry over the last two years, employment continues to show gradual but steady increases. The average index for eleven months of 1941 is 4.7 p.c. above the high level of 1940. A certain seasonal recession is noted in the construction industry, but the employment index over the period stands at 125.1, more than 40 p.c. above the 1940 level. Despite a slight recent recession, employment in the building trades for the eleven months is more than 72 p.c. above the index recorded for 1940. Employment in trade continues to show a steady increase, the average index being nearly 10 p.c. above that recorded in the preceding year.

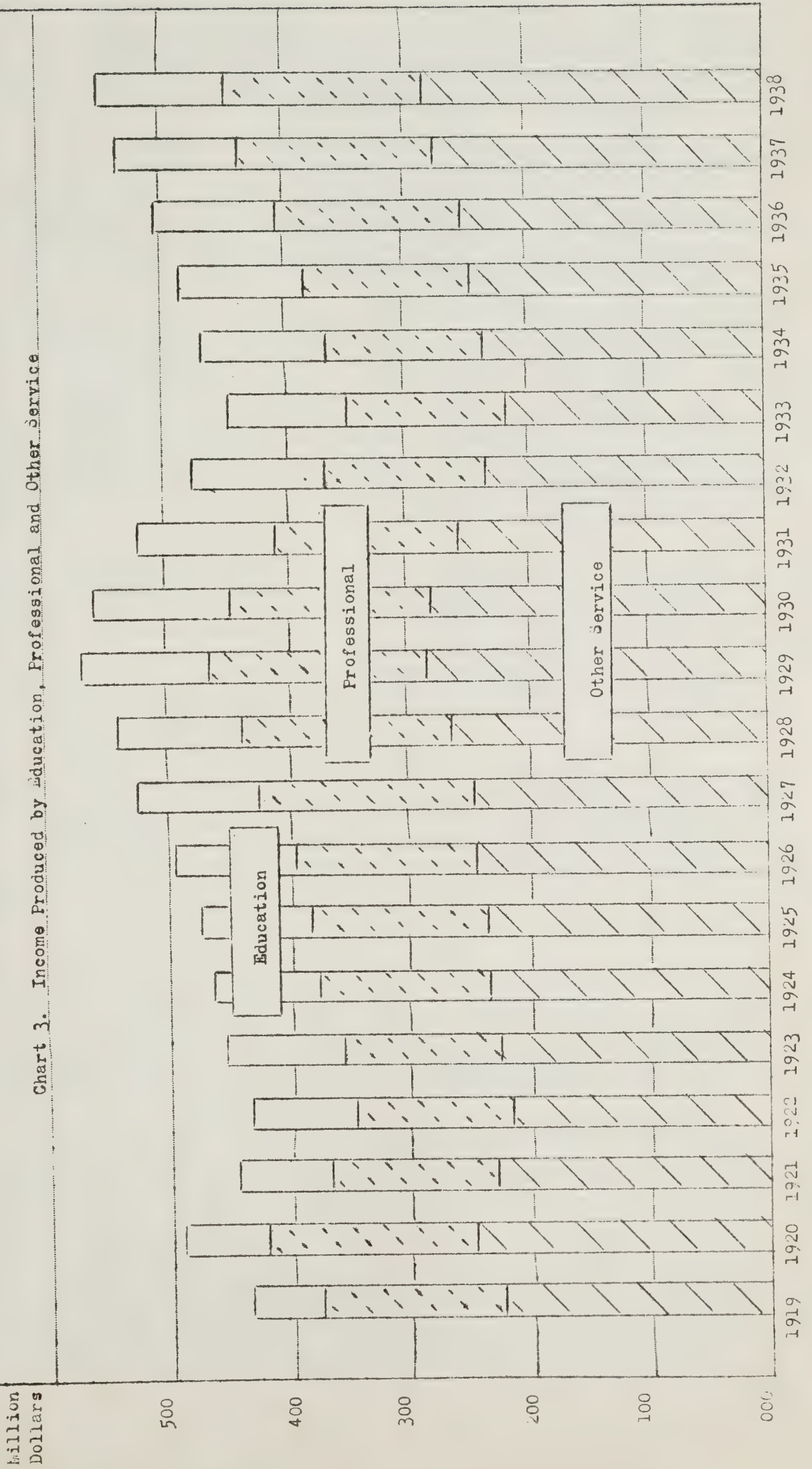
Statistics covering 1941 up to December 27 put the total carloadings for this year at 3,189,447, constituting an increase of 13.4 p.c. over the total of 2,812,597 recorded for 1940. The gain over 1939 was 25.1 p.c. The advance over 1940 was quite uniform in both eastern and western divisions. Movements of grain and grain products were at a very high level during the year under review, surpassing the 1940 total by over 25 p.c. and rising far above the high figure of 1939. The gains were almost equally distributed between eastern and western sectors. Live stock loadings likewise recorded a substantial gain its effects being felt mainly in the west.

Coal shipments fell off somewhat, the entire decline being shown in the eastern division. This was probably the result of decreased production in the eastern mines. Carloadings of lumber rose sharply, principally in the west. Pulpwood and pulp and paper showed further large increases over the high totals for 1940, movements of these commodities being largely confined to eastern Canada. A large advance was listed in loadings of ore.

PRICES

A slight further increase was shown by wholesale prices in November, the general index rising from 93.9 to 94.0. The average index for the eleven months stood at 89.5, a gain of more than 8 p.c. over the corresponding total of 82.8 for the year 1940. The November total is nearly 12 p.c. above the index for the last month of 1940. Prices of vegetable products have gained about 13 p.c. during the year to date, and are now almost stationary. Animal products rose nearly 22 p.c. over the same period, and are still increasing. The corresponding gain for textiles was 14.6 p.c., but during the last month textile prices have shown a slight recession.

Chart 3. Income Produced by Education, Professional and Other Service



The advance in prices of iron and its products since 1940 has been relatively moderate, the index rising 6.2 p.c. from 106.1 to 112.7. The prices of non-ferrous metals have been rigidly controlled and have moved only from 77.7 to 78.2. Non-metallic minerals have increased about 9 p.c. in price since December 1940, the index advancing from 90.8 to 98.9. Prices of chemicals have gone up steadily, rising during the year from 90.8 to 103.6, a gain of 14.1 p.c.

Prices of consumers goods rose steadily and rapidly over the period from March to October, 1941, the October total standing at 96.7, an increase of 13.5 p.c. over the index for December, 1940. The corresponding gain for producers goods was 8 p.c. These figures tend to justify the decision to restrict the prices of consumption goods.

The cost of living index compiled by the Bureau showed a further advance from 115.5 in October to 116.3 in November. During the year under review the index has recorded a steady increase, and is now 7.7 above the level of December, 1940. The gain over August 1939 is now 15.4 p.c. Food costs have gone up considerably during 1941, the November food index being 14.9 p.c. above the level of December 1940. Fuel and lighting costs have advanced slightly less than 4 p.c. over the same period, and now stand at 112.7. The index of clothing prices has increased nearly 6 p.c. to 120.0.

For the first eleven months of the year under review, Canadian exports were valued at \$1,488,440,443, representing a gain of 36 p.c. over the total of \$1,094,506,932 recorded for the corresponding period of 1940. Imports for the same months totalled \$1,322,905,951, an advance of 35 p.c. over the 1940 aggregate of \$979,648,243. Canada's principal domestic exports remained crop products, animal products, iron and steel, wood and paper and non-ferrous metals. Of these groups, iron and steel exports recorded by far the greatest advance during 1941, the total value increasing by more than \$100,000,000 over the corresponding period of the preceding year. Exports of crop products rose by about \$50,000,000 over the 1940 total, while exports of non-ferrous metals and wood and paper products also posted substantial increases of about \$45,000,000 and \$33,000,000, respectively.

Wood and paper products remained easily Canada's most important single export, being valued at about \$353,000,000 over the period. Crop products were placed at \$256,000,000. Non-ferrous metals still ranked third in importance, exports amounting to about \$225,000,000 during the eleven months. The heavy increases in iron and steel shipments raised the export total in this division to \$219,000,000, animal products exported being valued at \$180,000,000. The exports of crop products and iron and steel appear to have gone principally to the United Kingdom, along with a large share of the base metals output. The shipments of wood and paper products are mainly sent to the United States, along with large quantities of base metals.

Iron and steel products remained the most significant Canadian import, being valued at \$363,050,000 for the first ten months of 1941, a gain of more than \$120,000,000 over the corresponding period of 1940. Non-metallic minerals occupied second place, amounting to \$153,894,000 for the ten months, an advance of about \$21,000,000 over the 1940 total. Crop products imports increased by \$14,000,000 to \$143,152,000 during the first ten months of 1941. Textile products showed a moderate gain, being valued at \$130,745,000.

INTERNAL TRADE

November sales of wholesale merchants declined 14 p.c. below the October total, although they were 12 p.c. above the dollar volume of business transacted in November 1940. All nine trades included in the survey reported gains over a year ago, the largest being recorded by dry goods merchants. Sales during the first eleven months of the year under review were 18.3 p.c. above the corresponding total for 1940, the largest advances being made by dealers in dry goods and hardware.

In all five economic areas wholesale trade showed a considerable recession in November as compared with the record levels of September and October. In four of the areas, however, trading remained far above the level of November, 1940. In the Prairie Provinces, the gain over 1940 was only 5 p.c.

Productive Sources of National Income

Information regarding the general totals of the national income serves only as an introduction to a discussion of the constituent divisions and groups. The trend of the income of the various components is a significant phase of the present study. The general estimate conceals many changes in the relations and movements of the constituents, essential for an understanding of the working of the Canadian economic system.

We are here concerned with the national income as a measure of the net productivity of the Canadian economy. The inter-war period was characterized by the continuance of the process towards greater diversification. In the early history of the Dominion, the wealth of natural resources led to concentration upon the production of staples in the form of foodstuffs and industrial raw materials, a large proportion of which was exported to countries in a more advanced stage of economic development. While the primary industries still occupy a most important place in the Canadian economy, the more rapid growth of the secondary and service divisions has resulted in a better balance between the different phases of the economy. The productive system was adapted during the twenty years to meet the demands of the domestic market, while maintaining a credit balance on current account with other countries.

The relative importance of a number of the original classes has been outlined in recent numbers of "Economic Conditions". Agriculture and manufactures n.e.s. stand out in this comparison as Canada's leading industries. The remainder may be divided into two sections according as their average contribution to the national income was greater or less than \$100,000,000. The first section consists of ten classes ranging in order of size from government to professional activities. A marked falling off in magnitude is recorded in comparing the industries in this section. The annual average income produced by government was \$465 million, while professional activities averaged \$153 million. Between these limits retail trade took second place with a contribution of \$344 million, while steam railways followed with \$274 million. Other service, real estate, construction and wholesale trade followed in the order named. The returns from forestry and mining were both slightly in excess of that for professional services.

While the aggregate of the money income of Canada recorded decline during the last twenty years, the reduction was by no means general throughout the entire field. The industries engaged in commodity production and handling showed a decline in the second decade from the first of 18.1 per cent and 15.6 per cent, respectively. The facilitating industries as defined above, on the other hand, recorded an increase of approximately 11 per cent.

Declines were shown in retail and wholesale trade, the reversal in the latter being relatively more important. The income originating in retail trade was \$328.3 million in the second decade against \$360.1 million in the first, a decline of 8.8 per cent. The contribution of the wholesale trade was computed at \$160.8 million against \$185.0 million, a decline of 13.0 per cent.

The record in the facilitating activities was more favourable, advances being shown in finance, government and service. The expansion of government activities in recent years was reflected in the rise of more than 22 per cent, between the two decades. Income disbursed by educational activities showed considerable gain, the annual average rising from \$84.2 million in the first decade from 1919-1928 to \$104.6 million in the second from 1929 to 1938. Other services recorded a gain of 8.6 per cent, the total rising from \$235.2 million to \$255.3 million.

Knowledge of the general features of economic depression leads to the expectation that various industries will react unequally to the drastic contraction which characterized the last decade of the period under review. An analysis of the economic depression which followed 1929 is greatly aided by that development. The rapid drop in national income from a value of over \$5.1 billion in 1929 to under \$2.8 billion four years later and the considerable recovery since that time gives the economic analyst what is almost equivalent to a laboratory experiment on the basis of which many structural characteristics may be observed.

Wholesale and retail trade showed marked similarity in the reaction to influences of prosperity and depression. The decline from 1929 to 1933 was 46.5 per cent and 43.8 per cent, respectively, and the recovery in income originating from 1933 to 1937 was 46.4 per cent for retail trade and 48.4 p.c. for wholesale.

The fluctuation of the education group was of minor proportions. The decline from 1929 to 1933 was limited to 5.52 p.c. and the recovery from the latter year to 1937 was 1.63 p.c. The professional and other service groups followed a similar pattern in this respect. The declines were 28.2 p.c. and 23.3 p.c. respectively, while the recoveries were 24.4 p.c. and 27.0 p.c.

The trend and fluctuations of five groups are shown by years from 1919 to 1938 in Charts 2 and 3.

Statistics Illustrating the Economic Situation of Canada for the first eleven months of 1941, compared with the same period of 1940.

Item	Unit or base period	First eleven months		Increase + Decrease -
		1941	1940	
National Income (Tentative Compilation 1/)	\$000	4,777,751	4,365,340	+ 9.4
Commodity Producing	\$000	2,367,291	2,041,680	+ 15.9
Commodity Handling	\$000	993,637	896,302	+ 10.9
Facilitating	\$000	1,416,823	1,427,358	- 0.7
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	134.2	120.4	+ 11.5
Index of Industrial Production	1935-9=100	147.9	133.5	+ 10.8
Wholesale Prices	1926=100	89.5	82.8	+ 8.1
Index of Common Stock Prices	1935-9=100	67.5	78.0	- 13.5
Capitalized Bond Yields, Dominion	1935-9=100	104.6	99.5	+ 5.1
Mining Stock Prices	1935-9=100	73.3	81.2	- 9.7
Bank Debits		35,556,410,914	31,229,126,902	+ 13.9
Production and General Business				
Mineral Production	1935-9=100	129.2	125.5	+ 2.9
Gold Receipts	Fine Ozs.	4,679,764	4,550,763	+ 2.8
Silver Shipments	Fine Ozs.	17,350,887	18,456,055	- 6.0
Coal Production	Tons	16,138,478	15,564,271	+ 3.7
Manufacturing Production	1935-9=100	150.7	133.8	+ 12.6
Flour Production (First 10 Mos.)	Bbls.	17,229,375	13,590,361	+ 26.8
Sugar Manufactured	Lbs.	941,580,290	886,565,423	+ 6.2
Cattle Slaughtering	No.	1,600,472	1,490,310	+ 7.4
Hog Slaughtering	No.	5,586,552	4,793,019	+ 16.6
Cigarettes released	No.	7,861,718,369	6,997,004,339	+ 12.4
Cigars released	No.	172,551,831	148,807,427	+ 16.0
Leather Boots & Shoes (First 10 Mos.)	Pairs	23,337,905	19,094,410	+ 22.2
Raw Cotton Consumption	Lbs.	182,238,790	175,118,528	+ 4.1
Paper and Lumber -				
Newsprint Production	Tons	3,125,042	3,165,906	- 1.3
Exports of Planks and Boards	M ft.	2,142,590	2,261,389	- 5.3
Iron and Steel -				
Steel Ingot Production	Long Ton	2,193,276	1,825,752	+ 20.1
Pig Iron Production	Long Ton	1,215,957	1,064,417	+ 14.2
Automobile and Allied Industries -				
Automobile Production, Cars and Trucks	No.	250,118	199,620	+ 25.3
Petroleum Imports	000 Gals.	1,509,261	1,407,107	+ 7.3
Crude Rubber Imports	Lbs.	142,685,655	97,452,005	+ 46.4
Construction -				
Contracts Awarded	\$	374,781,400	329,091,900	+ 13.9
Building Permits (58 Municipalities)	\$	94,467,439	174,206,357	+ 27.3
Electric Power Production	000 K.W.H.	30,224,554	21,495,907	+ 9.9
External Trade (Excluding gold) -				
Exports	\$	1,488,440,443	1,094,506,932	+ 36.0
Imports	\$	1,322,905,951	979,648,243	+ 35.0
Excess of exports over imports	\$	165,534,492	114,858,689	
Internal Trade				
Wholesale Sales 1935-9=100		142.3	120.3	+ 18.3
Retail Sales 1935-9=100		129.9	112.3	+ 15.7
Railways -				
Carloadings	No.	2,942,742	2,595,715	+ 13.4
Gross Revenue C.N.R. (Canadian Lines)	\$	237,280,000	192,033,000	+ 23.6
Gross Revenue, C.P.R.	\$	200,943,000	154,956,000	+ 29.7
Employment - 11 months' average unadjusted -				
General Index	1926=100	150.8	122.8	+ 22.8
Manufacturing		166.6	130.1	+ 28.1
Logging		182.1	154.5	+ 17.9
Mining		175.9	168.0	+ 4.7
Construction		125.1	89.3	+ 40.1
Building		137.0	79.6	+ 72.1
Highway		155.0	121.2	+ 27.9
Trade		155.5	141.9	+ 9.7
Banking - 11 Months' average				
Notice and Demand Deposits	\$	2,683,129,500	2,508,309,627	+ 7.0
Current Loans	\$	1,091,407,700	965,809,081	+ 13.0

1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditure.

11-D-01

INSTITUTE OF POLITICAL SCIENCE
UNIVERSITY OF TORONTO

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the calendar year of 1941

compared with the preceding year

-----+ + +-----

Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

+ + +

OTTAWA

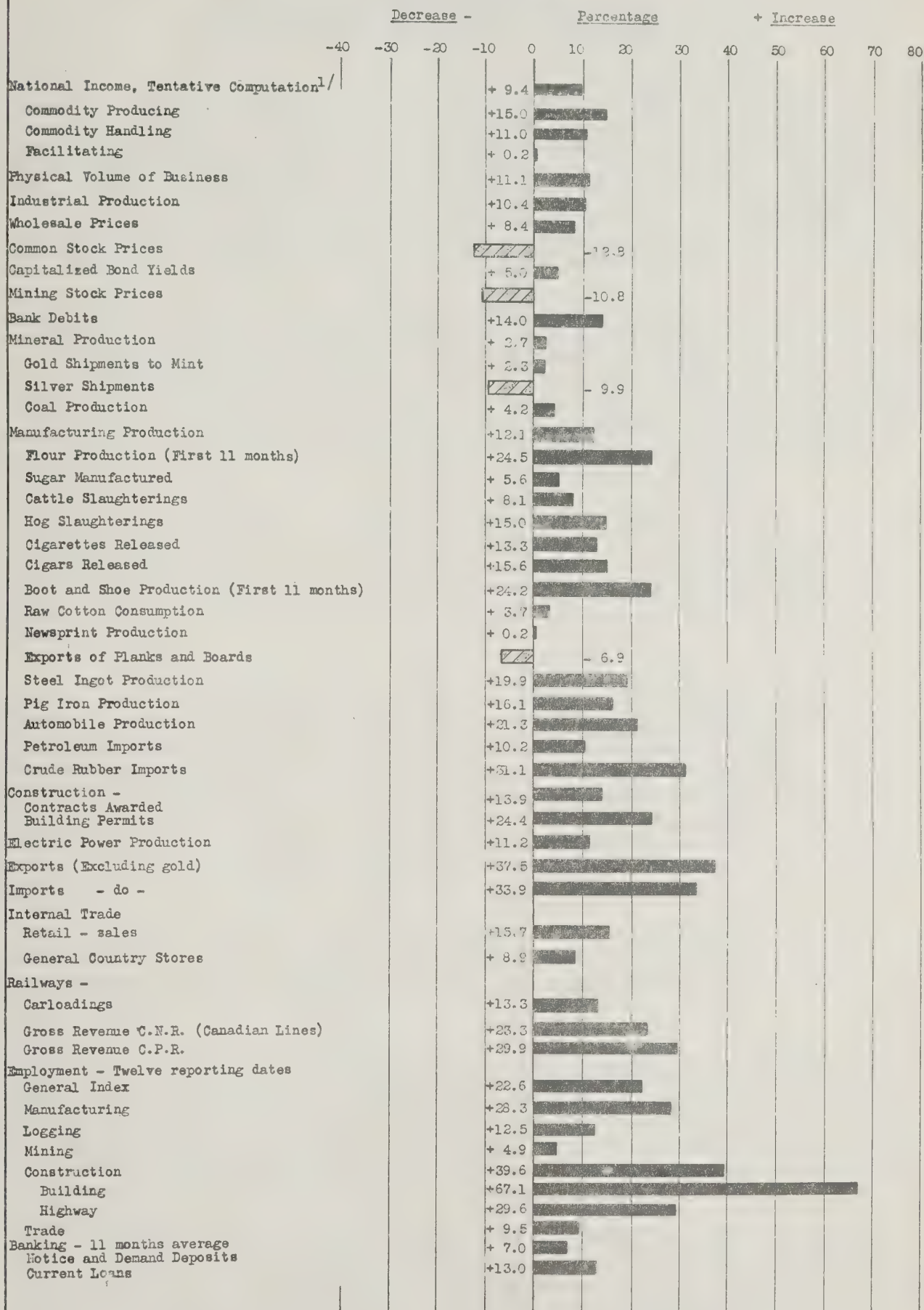
1942

Price \$1 a year

The Economic Situation in Canada

in the Calendar Year 1941

As compared with 1940



1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditures.

- Dominion Bureau of Statistics -

Four items recorded declines, while forty-seven showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Acting Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, General Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE CALENDAR
YEAR OF 1941 COMPARED WITH 1940.

The index of the physical volume of business averaged 134.6 for the year under review, having risen 11.1 p.c. over 1940. This increase, while still very substantial, was well below the advance of 18.8 p.c. recorded in 1940 over 1939. Industrial production during 1941 showed a gain of 10.4 p.c. over the preceding year, the index standing at 148.0. This rise also was much less rapid than that during the previous twelve months, the 1940 index having been 23.1 p.c. above the figure for 1939. Generally speaking, it might be said that Canadian industry continued to expand steadily during the year under review, though no longer at the feverish rate of the first war months.

Wholesale prices continued their gradual steady rise during 1941, the average index being 89.9, a gain of 8.4 p.c. over the preceding year. The corresponding increase in 1940 was 9.8 p.c., indicating that the price rise during the war has been distinctly regular. A further decline was shown in speculative trading, common stock prices falling off by 12.8 p.c. as compared with 1940, and mining stock prices dropping 10.8 p.c. The decline in speculative trading has been consistent since the commencement of hostilities. Capitalized yields of high-grade bonds, however, which had averaged lower during the first war year, rose by 5 p.c. in 1941 as compared with 1940.

The index of mineral production showed further increase over the very high level of 1940, rising 2.7 p.c. to 128.8. Total receipts of gold at the Mint showed a further advance at 5,081,000 fine ounces. Coal production recorded a moderate gain, rising to 17,933,000 tons. Silver shipments receded by nearly 10 p.c. Production of base metals, for which detailed figures are not available, recorded an increase of 6.5 p.c. over 1940.

Manufacturing production recorded a further substantial gain of 12 p.c. during the year. A notable advance was shown in the flour industry, where production rose to nearly 18,900,000 barrels during the first eleven months, 24.5 p.c. above the 1940 level. A moderate increase was recorded in the manufacture of sugar. Cattle slaughtering increased by 8 p.c. The constantly growing British requirements for bacon brought a further 15 p.c. increase in hog slaughtering, which totalled 6,274,000. Expansion continued in the tobacco industry, the total of cigarettes released rising to 8,582 million, a gain of 13.3 p.c. Production of boots and shoes over the first eleven months of 1941 rose by over 24 p.c. Raw cotton consumption, which had recorded a very heavy increase in 1940, showed a further gain of moderate proportions.

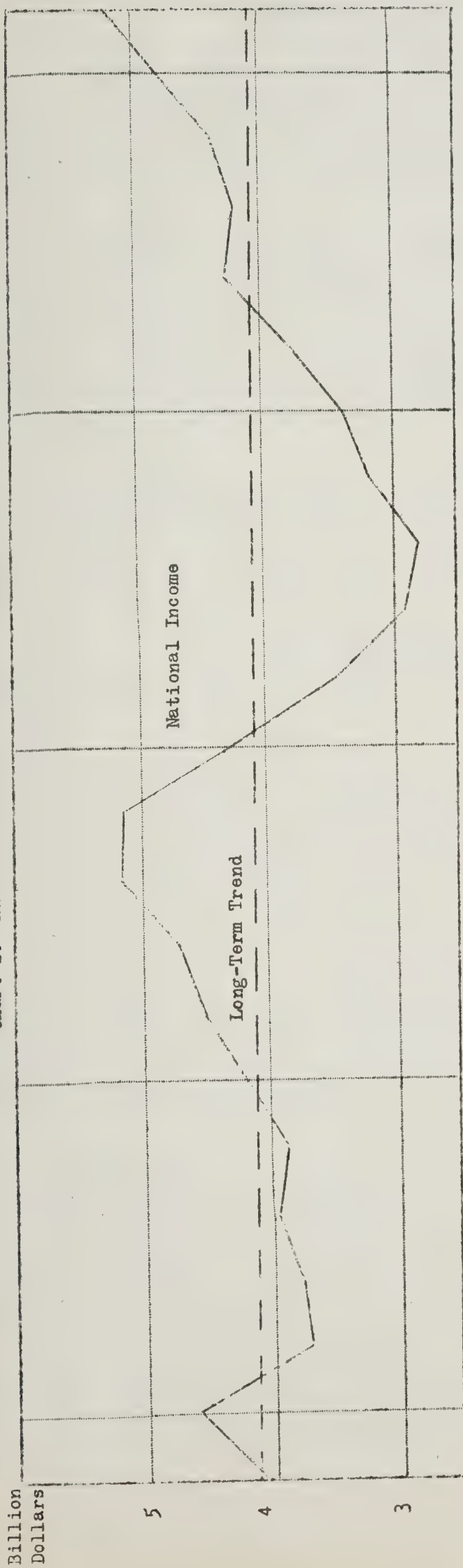
Newsprint production, which also posted a very heavy increase in 1940, remained almost stationary during the year under review, totalling 3,425,865 tons. Much was done, however, to adapt newsprint plants to war requirements. Exports of planks and boards fell off by about 7 p.c.

Output in the crucial iron and steel industry continued to advance rapidly, production of steel ingots standing at 2,412,000 tons in 1941, a gain of about 20 p.c. over the preceding year. The corresponding increase for pig iron output was 16.1 p.c. to 1,364,000 tons. Automobile production with which the steel industry is so closely linked, rose by 21.3 p.c. to 270,431. With increasing restrictions being placed on the construction of passenger vehicles, the manufacture of tanks, carriers and armoured cars for army use form an ever-growing proportion of this output.

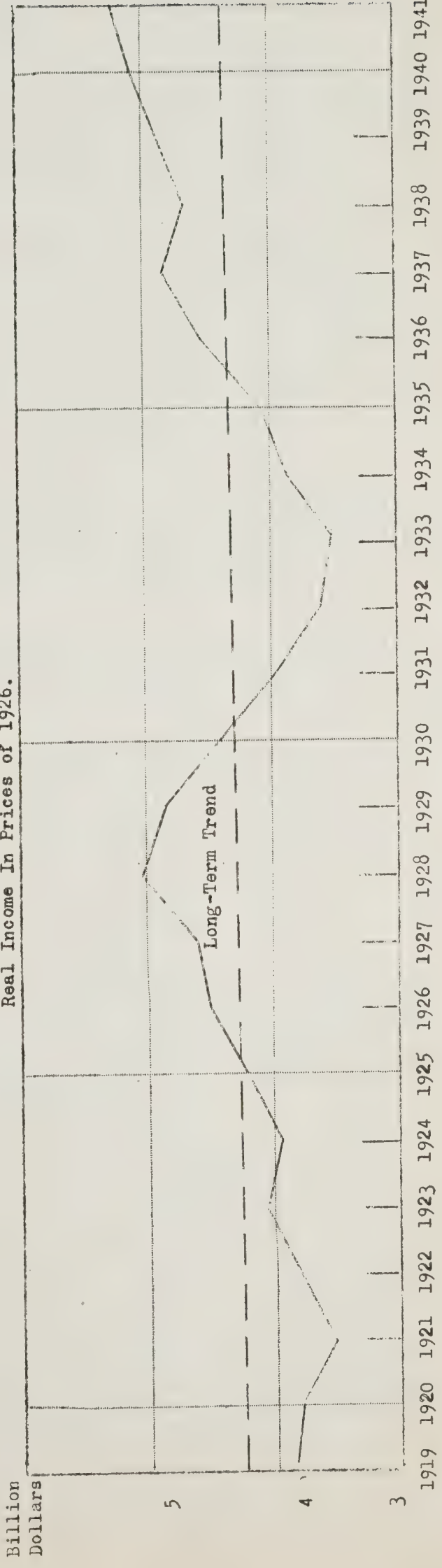
Despite the completion of many military projects, the value of construction contracts awarded ~~showed~~ a considerable increase during the year under review. The total for 1941 was \$393,991,300, representing a gain of 13.9 p.c. over 1940. Building permits in 58 municipalities recorded an advance of nearly 25 p.c. Electric power production advanced steadily during the year, and totalled 33,445 million kilowatt hours, a gain of 11.2 p.c. over 1940.

The wartime expansion in Canada's exports continued with undiminished speed during 1941. Total exports were valued at \$1,641 million rising by 37.5 p.c. The United Kingdom was again the leading market, absorbing nearly 30 p.c. more Canadian goods than was the case in 1940. An even larger percentage increase was noted in our exports to the United States, which rose about 35 p.c. Exports to Egypt, largely military stores, rose in the ratio of almost ten to one.

Chart 2. National Income and Real Income



Real Income In Prices of 1926.



Canadian imports during 1941 rose by about 34 p.c., being valued at \$1,449 million. United States products were once again the backbone of our import trade, totalling \$1,004 million, 35 p.c. more than in 1940. Little change from the preceding year was shown in our imports from the United Kingdom. Our purchases of New Zealand and South American produce recorded large increases.

Railway traffic and railway revenues were at a very high level during the year just concluded. Traffic for 1941 aggregated 3,203,000 cars, an advance of 13.3 p.c. over 1940. The increase was well distributed between the Eastern and Western divisions, and large gains were recorded in shipments of grain, ore and forest products. The operating revenues of the Canadian National Railway have shown an increase of about \$57 million. The corresponding increase for the Canadian Pacific Railway is over \$51 million, or nearly 30 p.c.

Although the general level of economic activity rose very rapidly during 1940, the actual increase in employment was relatively moderate during the year. In 1941, on the contrary, payrolls appear to have risen more swiftly than the level of productive operations. The general employment index for 1941 averaged 152.3, an advance of 22.6 p.c. over the preceding year. The corresponding gain for 1940 was 9.0 p.c. Similarly, manufacturing employment rose 28.3 p.c. in the year under review, as compared with 16.9 p.c. in 1940. Employment in logging was 12.5 p.c. above the high level of the preceding year, and a further gain of nearly 5 p.c. was recorded in mining. Construction, which in 1940 dropped far below the pre-war level despite many war projects, rose nearly 40 p.c.

According to preliminary calculations, national income during 1941 totalled \$5,234,110,000, representing an increase of 9.4 p.c. over the preceding year. The gain in 1940 over 1939 was 8.5 p.c., indicating that the national income has been rising at a fairly steady pace during the war period. The results are derived from a tentative monthly compilation, the value of assets acquired by the Dominion Government through war expenditure having been excluded.

The contribution of the commodity producing industries was \$2,590,383,000, or nearly 50 p.c. of the total. Income in these industries during 1941 advanced 15 p.c. as compared with the preceding year, the rate of increase being considerably greater than during the first sixteen months of war.

Total income in the commodity handling industries for 1941 was \$1,091,598,000, rising 11 p.c. over the total for 1940. The rate of increase in this group was still considerable, although less striking than during 1940. The facilitating division recorded an income total of \$1,552,129,000, showing very little change from the preceding year. The contribution of the facilitating industries as at present computed has increased relatively little since the commencement of hostilities. The addition of the war assets and other revisions will greatly alter the totals.

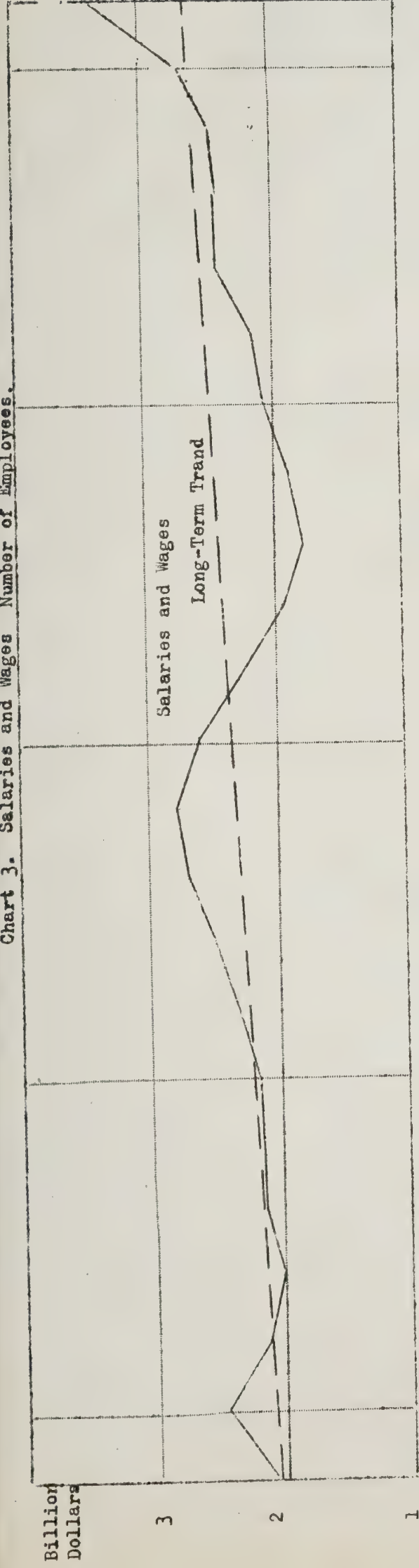
National Income, Employment, Salaries and Wages

Chart 2 depicts the fluctuations of the national income over the period 1919-1941, in current dollars, and in terms of 1926 prices. Immediately following the first great war, national money income rose sharply, due entirely to higher prices, with the real income dropping slightly. Money income then remained fairly stable until 1924. With falling prices, real income recorded an increase. Both then rose steadily to 1928, with prices also advancing somewhat. Money income increased 25.7 p.c., and real income 31.0 p.c. over the first decade of the period under review.

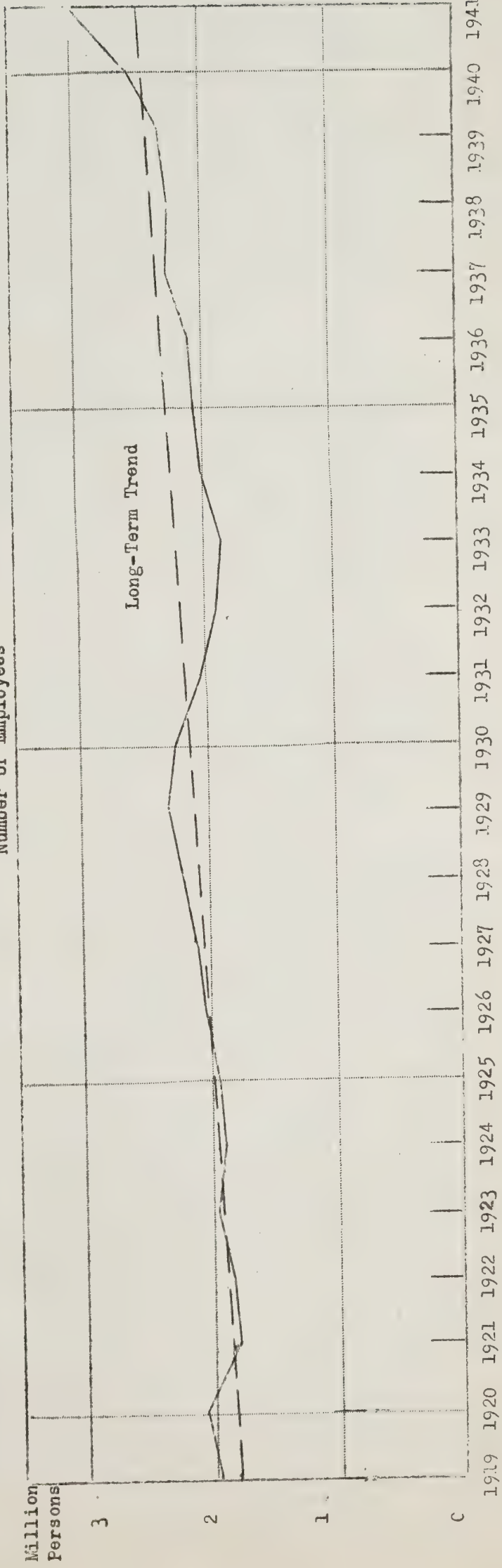
Following 1929, both factors receded rapidly until the trough of the depression was reached in 1933. Money income declined 45.7 p.c., from the high point of 1929, and even the corresponding falling off in real income was very large at 28.5 p.c. Since that time, both cash national income and "real" income have increased steadily and rapidly, except for a minor recession in 1938. This advance was naturally accelerated by the war. With prices rising steadily over the period, money income increased no less than 87.8 p.c. over 1933, with real income going up by 49.5 p.c. As compared with 1919, however, real income had increased 36.9 p.c., money income advancing 28.5 p.c.

Due to the higher prices of the first post-war decade, the secular trend for national money income dropped very slightly over the period. The long-term trend for "real" income, however, recorded an appreciable increase. National income expressed in fixed prices, is naturally a much better measure of changes in the volume of commodities and services produced than the estimates shown in current market values.

Chart 3. Salaries and Wages Number of Employees.



Number of Employees



The third chart published in the present issue shows the total number of employees in Canada during the twenty-three years from 1919 to 1941. The secular trend of this number over the period is also presented. The chart indicates that the Canadian labour force fluctuated uncertainly until 1924, rose to a peak in 1929, and receded until 1933 to the level of the period following the first Great War. Since then it has risen steadily and in 1941 stood at about 3,040,000 or nearly 59 p.c. above the level of 1933. The increase over the entire period was 65 p.c. The secular trend showed a substantial upward slope, rising 37 p.c. over the period.

Similar general movements were recorded in the total amount of salaries and wages paid in Canada, which is also portrayed on this chart. This amount, however, showed a slow general increase from 1919 until 1924, then rising rapidly up to 1929 and falling, in the trough of the depression, to a point well below the level of 1919. Wages per employee, therefore, rose steadily during the first eleven years of the period under review, advancing by about 14.9 p.c. During the depression they fell off about 22.5 p.c. from the 1929 peak. Since 1933, the total wage bill has increased 38 p.c., with wages per employee in 1941 approaching the 1929 peak. The secular trend of salaries and wages rose considerably advancing by nearly 26 p.c. during the twenty-three years under review.

The trend of employment of wage-earners and salaried workers varied greatly between different industries. Advances were recorded in manufacturing, mining, electric power and custom and repair, while reduced working forces were employed by agriculture, forestry and trapping. Referring to transportation and trade, declines appeared to predominate among the eleven industries. Retail and wholesale trade enjoyed expansion and small industries such as storage and civil aviation recorded marked percentage gains. Road transportation was another industry which has recently acquired considerable importance. Real estate alone of the facilitating groups failed to employ a larger number in the more recent decade. The expansion of governmental activities was indicated by a gain of 24 per cent in the number of employees. The professional, education, and other service groups participated largely in the upward trend of the inter-war period.

The relative importance of the three classes of the gainfully occupied population is a matter of interest. It was estimated that employees on payrolls on a full-time basis averaged 2,065,000 during the two decades. This number represents the full-time equivalent employment rather than the total number of employees who worked at any time during the year. Thus by taking account of the number of weeks worked as reported by the decennial census and the averages of monthly figures as reported to the various annual censuses, a comparable basis is obtained. Thus two persons each working six months during the year are equivalent to one employee on a full-time basis.

Salaries and wages represent from one angle the greatest share in the distribution of the value which is produced in commerce and industry, and from another the greatest single factor in the purchasing power which represents consumers' demand for these values. Over the period under review employees as a whole have taken in payment for their services an average of over 58 per cent of the total income payments. In some industries the proportion has been much greater. It is estimated, for instance, that in the period from 1919 to 1938, the workers in manufactures received 81.8 per cent of the total income payments of that industry, those in transportation 71.3 per cent, in trade 65.1 per cent, and in service 60.6 per cent. Percentages to income payments received by residents of Canada would be even greater. Earnings thus represent by all odds the largest single share in income payments.

Similarly, such earnings represent the largest share in purchasing power. This follows directly from the fact that they constitute the major proportion of all income. But the significance of wages as factors in consumers' demand for the products of industry is more direct because most of the wage-earners' income is usually spent for such products. The residue left for investment is normally of small proportions. In the higher income groups a much larger percentage of income is saved, and consumption may be delayed in periods when investment is restricted. Wages and salaries are the main income of the low per capita income groups. A change in earnings is directly reflected in the revenues of the lower income groups.

Statistics Illustrating the Economic Situation of Canada in the Calendar
Year 1941, compared with 1940.

Item	Unit or base period	1941	1940	Increase + Decrease -
<u>National Income</u> (Tentative Compilation) ^{1/}				
	\$000	5,234,110	4,784,269	+ 9.4
Commodity Producing	\$000	2,590,383	2,252,153	+ 15.0
Commodity Handling	\$000	1,091,598	983,084	+ 11.0
Facilitating	\$000	1,552,129	1,549,032	+ 0.2
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	134.6	121.1	+ 11.1
Index of Industrial Production	1935-9=100	148.0	134.1	+ 10.4
Wholesale Prices	1926=100	89.9	82.9	+ 8.4
Index of Common Stock Prices	1935-9=100	67.5	77.4	- 12.8
Capitalized Bond Yields, Dominion	1935-9=100	104.8	99.8	+ 5.0
Mining Stock Prices	1935-9=100	72.4	81.2	- 10.8
Bank Debits	\$000	39,242,957	34,437,474	+ 14.0
<u>Production and General Business</u>				
Mineral Production	1935-9=100	128.8	125.4	+ 2.7
Gold Receipts	Fine Ozs.	5,081,480	4,965,828	+ 2.3
Silver Shipments	Fine Ozs.	17,999,807	19,971,496	- 9.9
Coal Production	Tons	17,933,271	17,207,363	+ 4.2
Manufacturing Production	1935-9=100	150.8	134.5	+ 12.1
Flour Production (First 11 Mos.)	Bbls.	18,894,178	15,178,789	+ 24.5
Sugar Manufactured	Lbs.	1,109,532,309	1,050,570,832	+ 5.6
Cattle Slaughtering	No.	1,722,767	1,593,677	+ 8.1
Hog Slaughtering	No.	6,273,851	5,454,930	+ 15.0
Cigarettes released	No.	8,581,740,500	7,571,841,581	+ 13.3
Cigars released	No.	191,440,709	165,673,118	+ 15.6
Leather Boots & Shoes (First 11 Mos.)	Pairs	25,681,943	20,670,524	+ 24.2
Raw Cotton Consumption	Lbs.	198,389,402	191,300,836	+ 3.7
Paper and Lumber -				
Newsprint Production	Tons	3,425,865	3,418,803	+ 0.2
Exports of Planks and Boards	M ft.	2,282,132	2,451,638	- 6.9
Iron and Steel -				
Steel Ingot Production	Long Ton	2,411,887	2,011,172	+ 19.9
Pig Iron Production	Long Ton	1,364,334	1,174,894	+ 16.1
Automobile and Allied Industries -				
Automobile Production, Cars and Trucks	No.	270,431	222,984	+ 21.3
Petroleum Imports	000 Gals.	1,635,580	1,484,537	+ 10.2
Crude Rubber Imports	Lbs.	149,172,052	113,773,959	+ 31.1
Construction -				
Contracts Awarded	\$	393,991,300	346,010,200	+ 13.9
Building Permits (58 Municipalities)	\$	99,897,086	80,274,350	+ 24.4
Electric Power Production	000 K.W.H.	33,445,354	30,080,248	+ 11.2
External Trade (Excluding gold) -				
Exports	\$	1,640,531,555	1,193,217,592	+ 37.5
Imports	\$	1,448,791,650	1,081,950,719	+ 33.9
Excess of exports over imports	\$	191,739,905	111,266,873	
Internal Trade				
Wholesale Sales	1935-9=100	141.9	120.7	+ 17.6
Country General Store Sales	1935-9=100	116.2	106.7	+ 8.9
Retail Sales	1935-9=100	135.9	117.5	+ 15.7
Railways -				
Carloadings	No.	3,203,687	2,826,986	+ 13.3
Gross Revenue C.N.R. (Canadian Lines)	\$	261,826,874	212,300,711	+ 23.3
Gross Revenue, C.P.R.	\$	222,147,000	170,964,897	+ 29.9
Employment - 12 months' average unadjusted -				
General Index	1926=100	152.3	124.2	+ 22.6
Manufacturing		168.4	131.3	+ 28.3
Logging		187.8	166.9	+ 12.5
Mining		176.6	168.4	+ 4.9
Construction		126.6	90.7	+ 39.6
Building		139.5	83.5	+ 67.1
Highway		158.2	122.1	+ 29.6
Trade		156.5	142.9	+ 9.5
Banking - 11 Months' average				
Notice and Demand Deposits	\$	2,683,129,500	2,508,309,627	+ 7.0
Current Loans	\$	1,091,407,700	965,802,081	+ 13.0

1/ Exclusive of assets acquired by the Dominion Government through war expenditures.

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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

Vol. 6

No. 1

ECONOMIC CONDITIONS IN CANADA

during January , 194

compared with the same month of 1941

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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

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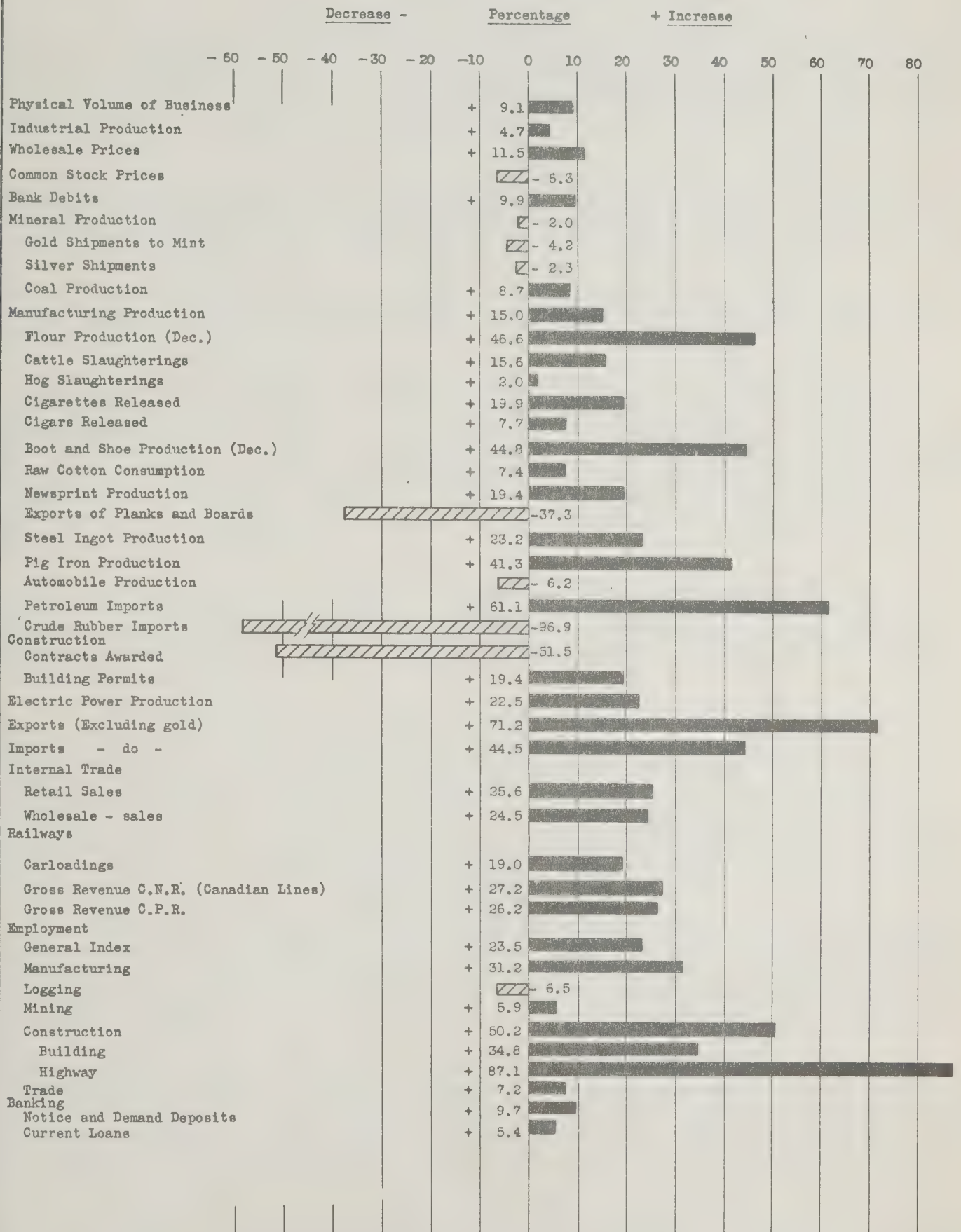
1942

Price \$1 a year

The Economic Situation in Canada

in January, 1942

as compared with January, 1941



- Dominion Bureau of Statistics

Nine items recorded declines, while thirty-five showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Acting Dominion Statistician:	S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, General Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING JANUARY COMPARED WITH THE
SAME MONTH OF 1941.

Economic activity recorded betterment in January over the same month of 1941. The index of the physical volume of business rose slightly more than 9 p.c. to 142.4. The index of wholesale prices rose nearly 10 points, the standing in the first month of this year having been 94.3. The gain over the same month of 1941 was 11.5 p.c. The amount of cheques cashed at clearing centres rose nearly 10 p.c. to \$3,231 million in the month under review.

The index of livestock marketings rose from 94.9 in January 1941, to 112.3. Cattle and hog sales on stock yards were considerably greater than twelve months ago. Cold storage holdings were at a much higher level on February 1st than on the same date of last year, the index having risen nearly 24 points to 148.

The index indicating the trend of mineral production averaged 2 p.c. lower. Gold and silver shipments recorded reduction while the output of coal rose from 1,745,000 tons to 1,898,000, a gain of 8.7 p.c.

The chief industrial expansion of the month occurred in manufacturing plants, an index of output rising 15 p.c. to 163. The flour-milling industry operated at a considerably higher level of capacity during the latest month for which statistics are available. The meat-packing industry was considerably more active in January, cattle slaughterings rising more than 15 p.c. to 125,000 head. The gain in hog slaughterings was of relatively lesser proportions. The tobacco industry released 20 p.c. more cigarettes in January than in the same month one year ago, while cigars were made available to the extent of 14.1 million, a gain of 7.7 p.c.

The boot and shoe industry accelerated operations in December over the same month one year before, the gain being nearly 45 p.c. The output was 2,250,000 pairs in the latest month for which statistics are available. Raw cotton consumption, indicating conditions in the cotton industry, showed a gain of about 7½ p.c. The total in January was 16.8 million pounds.

Newsprint production rose to a considerably higher level in January, the advance being more than 19 p.c. Exports of plants and boards, on the other hand, recorded considerable decline. The primary iron and steel industry reflected the expansion in munitions and war supplies. Automobile production, mainly of a military character, was 21,751 units compared with 23,195 one year ago. Crude petroleum imports recorded advance from 55 million gallons to nearly 89 million. The new business obtained by the construction industry showed a marked reduction from the high level of last year, while building permits rose 19.4 p.c. The gain in electric power production was 22.5 p.c., the total in January having been 3,226 million kilowatt hours.

The bright spot of the month was the increase in exports. The gain was from about \$89 million to \$152.3 million. The advance was no less than 71.2 p.c. An increase was also shown in imports, but the percentage gain was of lesser proportions. The advance was from \$98.4 million to \$142.1 million. The active balance of trade consequently was \$10.2 million compared with an adverse balance of \$9.4 million in the first month of last year.

Internal trade recorded a considerable betterment over January, 1941. The gain in wholesale sales over the same month of the preceding year was 24.5 p.c., while retail sales rose 25.6 p.c. in the same comparison. Carloadings, indicating distribution of commodities, rose 19 p.c., the total having been 271,946 cars. The gain in the gross revenue on the Canadian lines of the C.N.R. was 27 p.c., while the C.P.R. revenues were 26.2 p.c. greater.

A general index of employment was 165.8 on January 2nd, against 134.2 on the same date one year ago. The gain of 23.5 p.c. mainly reflected the expansion in war plants. Manufacturing payrolls rose 31.2 p.c., while the gain in mining was nearly 6 p.c. The construction industry was active for the season, the index rising from 83 to 124.7. Each of the eight industries considered in this connection recorded betterment with the exception of logging. The sum of the notice and demand deposits was 9.7 p.c. greater at the beginning of the month than on the same date one year ago. Current loans on the other hand rose 5.4 p.c. to \$1,053 million.

Statistics Illustrating the Economic Situation of Canada for January of 1942,
Compared with the same month of Last Year.

Item	Unit or Base Period	January 1942	January 1941	Increase / Decrease - Percentage
<u>General Economic Situation.</u>				
Index of Physical Volume of Business	1935-9=100	142.4	130.5	/ 9.1
Index of Industrial Production	1935-9=100	151.9	145.1	/ 4.7
Wholesale Prices	1926=100	94.3	84.6	/ 11.5
Index of Common Stock Prices	1935-9=100	66.8	71.3	- 6.3
Bank Debits	\$000	3,230,800	2,941,104	/ 9.9
<u>Production and General Business.</u>				
Mineral Production	1935-9=100	120.2	122.7	- 2.0
Gold Receipts	Fine Ozs.	442,038	461,602	- 4.2
Silver Shipments	Fine Ozs.	1,494,443	1,528,932	- 2.3
Coal Production	Tons	1,897,954	1,745,482	/ 8.7
Manufacturing Production	1935-9=100	163.2	141.9	/ 15.0
Flour Production (December)	Bbls.	1,577,169	1,076,132	/ 46.6
Cattle Slaughtering	No.	124,970	108,107	/ 15.6
Hog Slaughtering	No.	587,509	575,820	/ 2.0
Cigarettes released	No.	747,733,490	623,571,303	/ 19.9
Cigars released	No.	14,130,972	13,120,418	/ 7.7
Leather Boots & Shoes (Dec.)	Pairs	2,250,008	1,553,657	/ 44.8
Raw Cotton Consumption	Lbs.	16,833,456	15,679,582	/ 7.4
Paper and Lumber -				
Newsprint Production	Tons	311,904	261,298	/ 19.4
Exports of Planks and Boards	M Ft.	103,443	164,892	- 37.3
Iron and Steel -				
Steel Ingot Production	Short Ton	257,069	208,659	/ 23.2
Pig Iron Production	Short Ton	163,156	115,455	/ 41.3
Automobile and Allied Industries -				
Automobile Production, Cars & Trucks	No.	21,751	23,195	- 6.2
Petroleum Imports	000 Gals	88,896	55,197	/ 61.1
Crude Rubber Imports	Lbs.	434,266	14,093,037	- 96.9
Construction -				
Contracts Awarded	\$	12,880,900	26,579,800	- 51.5
Building Permits (58 Municipalities)	\$	4,229,027	3,533,852	/ 19.4
Electric Power Production	000 K.W.H.	3,226,289	2,634,695	/ 22.5
External Trade (Excluding gold) -				
Exports	\$	152,308,000	88,952,659	/ 71.2
Imports	\$	142,126,584	98,382,462	/ 44.5
Excess of exports over imports	\$	10,181,416	9,429,803	-
Internal Trade -				
Wholesale Sales	1935-9=100	132.2	106.2	/ 24.5
Retail Sales	1935-9=100	128.5	102.3	/ 25.6
Railways -				
Carloadings	No.	271,946	228,536	/ 19.0
Gross Revenue C.N.R. (Canadian Lines)	\$	22,529,000	17,711,000	/ 27.2
Gross Revenue, C.P.R.	\$	18,660,000	14,783,000	/ 26.2
Employment - January 1st. -				
General Index	1926=100	165.8	134.2	/ 23.5
Manufacturing		187.0	142.5	/ 31.2
Logging		258.1	276.1	- 6.5
Mining		177.5	167.6	/ 5.9
Construction		124.7	83.0	/ 50.2
Building		146.8	108.9	/ 34.8
Highway		157.9	84.4	/ 87.1
Trade		172.4	160.8	/ 7.2
Banking - December 31st. -				
Notice and Demand Deposits	\$	2,937,580,000	2,677,353,617	/ 9.7
Current Loans	\$	1,052,858,000	998,650,175	/ 5.4

Nine items recorded declines, while thirty-five showed increases.

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UNIVERSITY OF TORONTO

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DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first two months of 1942

compared with the same period of the

preceding year

+ + +

Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce.

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OTTAWA

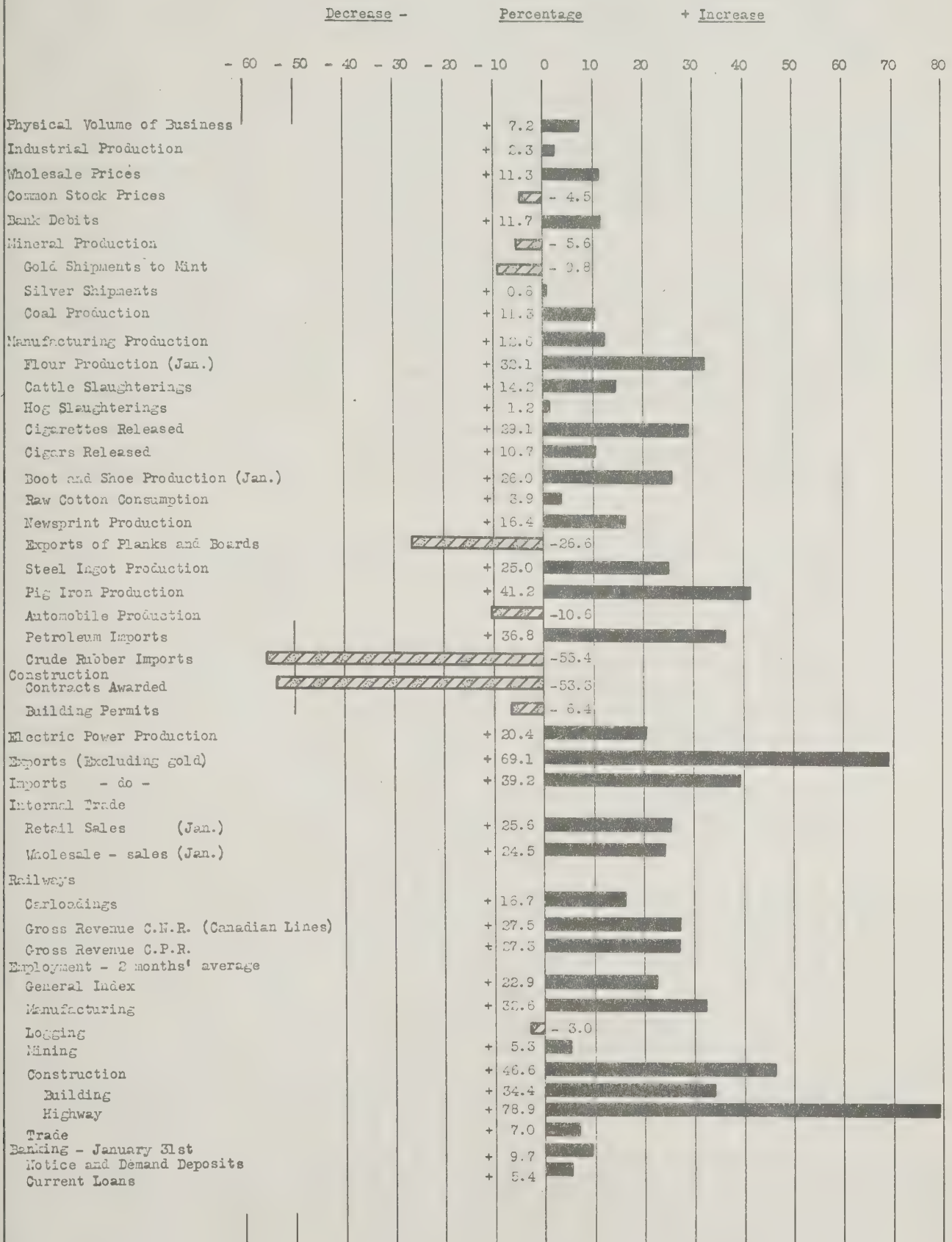
1942

Price \$1 a year

The Economic Situation in Canada

in the first two months of 1942

as compared with the same period of 1941



- Dominion Bureau of Statistics

Nine items recorded declines, while thirty-five showed increases.

- 2 -
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GENERAL STATISTICS BRANCH

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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TWO MONTHS OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

The index of the physical volume of business for the first two months of 1942 stood at 137.5, representing a gain of 7.2 p.c. over the same months one year ago. The corresponding advance for industrial production was 2.3 p.c., the index standing at 144.9 for the period under review. The index of wholesale prices was 94.3 for the first two months of the current year, 11.3 p.c. above the figure for 1941. Common stock prices stood at 65.8, having receded 4.5 p.c. from the same period one year ago. The amount of cheques cashed was 11.7 p.c. greater for the period under review than for the corresponding months of 1941.

The index of mineral production fell off somewhat during the first two months of the current year, standing at 117.0 as compared with 123.9 for the corresponding period of 1941, a decline of 5.6 p.c. Gold receipts at the mint receded by 9.8 p.c. Silver shipments, however, recorded a small gain over the same period of the preceding year, while coal production advanced over 11 p.c. from 3,226,000 tons in January and February 1941, to 3,591,000 in the months under review.

The general increase in manufacturing production continued, the index rising 12.6 p.c. to 155.4 for the first two months of the present year as compared with 138 for the same period one year ago. Flour production in January was 32 p.c. higher than in January 1941. Cattle slaughterings for the first two months of the present year rose over 14 p.c. to 228,000, with hog slaughterings recording a minor advance. Over 1,523,000,000 cigarettes were released during the period under review, rising more than 29 p.c. over the same period of 1941. The corresponding gain in production of cigars was over 10 p.c.

Nearly 2,217,000 pairs of boots and shoes were produced in January, representing an increase of 26 p.c. over the same month one year ago. Consumption of raw cotton during the first two months of 1942 was 33.5 million pounds, about 4 p.c. above the corresponding total for 1941.

Newsprint production posted a substantial gain of 16.4 p.c. during the two months under review, the total output being 590,005 tons, as compared with 506,905 tons for the corresponding period of 1941. Exports of planks and boards, however, fell off by 26.6 p.c. from last year's total.

Production of iron and steel shows continued expansion. Nearly 503,000 tons of steel ingots were turned out during the first two months of the current year, an advance of 25 p.c. over the high level of 1941. The corresponding gain in pig iron output was no less than 41.2 p.c. A certain recession was noted in automobile production. Petroleum imports were nearly 37 p.c. higher during the period under review than in 1941, with imports of crude rubber recording a marked recession.

Contracts awarded during January and February 1942 amounted to \$23,933,100, or less than half the total for the same months last year. Building permits also fell off somewhat. Electric power production stood at 6,069 million kilowatt hours for the two months, a gain of 20.4 p.c. over the same period of 1941.

The unprecedented expansion of Canadian exports during the summer of 1941 is being fully maintained during the winter months. The February total of \$168 million is the second highest recorded for any month since the commencement of hostilities. During January and February, exports amounted to \$321 million, over 69 p.c. more than the figure for the same months of 1941. The corresponding percentage gain for imports was 39.2 p.c.

Internal trade rose steeply during January of the present year, wholesale and retail sales being both about 25 p.c. higher than in January 1942. The distribution of commodities during the first two months of 1942 was well ahead of one year ago, carloadings having risen 16.7 p.c. to 520,495. The gross revenue of the Canadian lines on the C.N.R. had risen 27.5 p.c. to \$44,263,000, the corresponding gain for the C.P.R. being 27.3 p.c.

An average index of general employment for the first two months of 1942 was nearly 23 p.c. over the corresponding figure for 1941. Employment in the manufacturing industries rose by 32.6 p.c. over the same period, indicating that war production is still increasing rapidly. The corresponding advance for construction was nearly 47 p.c., with building still at a high level despite the recession of the last five months in contracts awarded. Mining employment during January and February showed a gain of 5.3 p.c. over the total for the first two months of 1941. Trade recorded an increase of 7 p.c. with logging receding slightly.

The sum of notice and demand deposits was 9.7 p.c. greater at the end of January than at the same period in 1941. Current loans rose 5.4 p.c.

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Statistics Illustrating the Economic Situation of Canada for the first two months of 1942, Compared with the same period of 1941

Item	Unit or base period	First Two Months		Percent
		1942	1941	Increase + Decrease - Percentage
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	137.5	128.3	+ 7.2
Index of Industrial Production	1935-9=100	144.9	141.7	+ 2.3
Wholesale Prices	1926=100	94.5	84.9	+ 11.3
Index of Common Stock Prices	1935-9=100	65.8	68.9	- 4.5
Bank Debits	\$000	6,123,652	5,481,287	+ 11.7
<u>Production and General Business</u>				
Mineral Production	1935-9=100	117.0	123.9	- 5.6
Gold Receipts	Fine Ozs.	787,513	873,482	- 9.8
Silver Shipments	Fine Ozs.	2,849,964	2,828,020	+ 0.8
Coal Production	Tons	3,591,425	3,225,844	+ 11.3
Manufacturing Production	1935-9=100	155.4	138.0	+ 12.6
Flour Production (January)	Bbls.	1,555,850	1,177,369	+ 32.1
Cattle Slaughterings	No.	228,171	199,782	+ 14.2
Hog Slaughterings	No.	1,081,417	1,068,818	+ 1.2
Cigarettes released	No.	1,523,470,870	1,180,089,922	+ 29.1
Cigars released	No.	28,819,342	26,026,071	+ 10.7
Leather Boots & Shoes (January)	Pairs	2,216,847	1,759,526	+ 26.0
Raw Cotton Consumption	Lbs.	33,535,704	32,283,582	+ 3.9
Paper and Lumber -				
Newsprint Production	Tons	590,005	506,905	+ 16.4
Exports of Planks and Boards	M Ft.	232,421	316,833	- 26.6
Iron and Steel -				
Steel Ingot Production	Short ton	502,758	402,081	+ 25.0
Pig Iron Production	Short ton	307,129	217,560	+ 41.2
Automobile and Allied Industries -				
Automobile Production, Cars & Trucks	No.	41,932	46,905	- 10.6
Petroleum Imports	000 Gals	162,004	118,463	+ 36.8
Crude Rubber Imports	Lbs.	10,059,683	22,539,903	- 55.4
Construction -				
Contracts awarded	\$	23,933,100	51,284,400	- 53.3
Building Permits (58 Municipalities)	\$	7,958,276	8,288,537	- 6.4
Electric Power Production	000 K.W.H.	6,068,752	5,041,763	+ 20.4
External Trade (Excluding gold) -				
Exports	\$	320,504,298	189,484,993	+ 69.1
Imports	\$	261,682,435	188,014,090	+ 39.2
Excess of exports over imports	\$ /	58,821,863	/ 1,470,903	
Internal Trade -				
Wholesale Sales (January)	1935-9=100	132.2	106.2	+ 24.5
Retail Sales (January)	1935-9=100	128.5	102.3	+ 25.6
Railways -				
Carloadings	No.	520,495	446,069	+ 16.7
Gross Revenue C.N.R. (Canadian Lines)	\$	44,262,700	34,727,000	+ 27.5
Gross Revenue, C.P.R.	\$	36,898,000	28,991,000	+ 27.3
Employment - 2 months' average				
General Index	1926=100	165.6	134.7	+ 22.9
Manufacturing		192.2	145.0	+ 32.6
Logging		262.9	271.0	- 3.0
Mining		177.3	168.4	+ 5.3
Construction		121.4	82.8	+ 46.6
Building		146.0	108.6	+ 34.4
Highway		144.9	81.0	+ 78.9
Trade		164.6	153.9	+ 7.0
Banking - January 31st. -				
Notice and Demand Deposits	\$	2,937,580,000	2,677,353,617	+ 9.7
Current Loans	\$	1,052,858,000	998,650,175	+ 5.4

Nine items recorded declines, while thirty-five showed increases.

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ECONOMIC CONDITIONS IN CANADA

during the first quarter of 1942

compared with the same period of the

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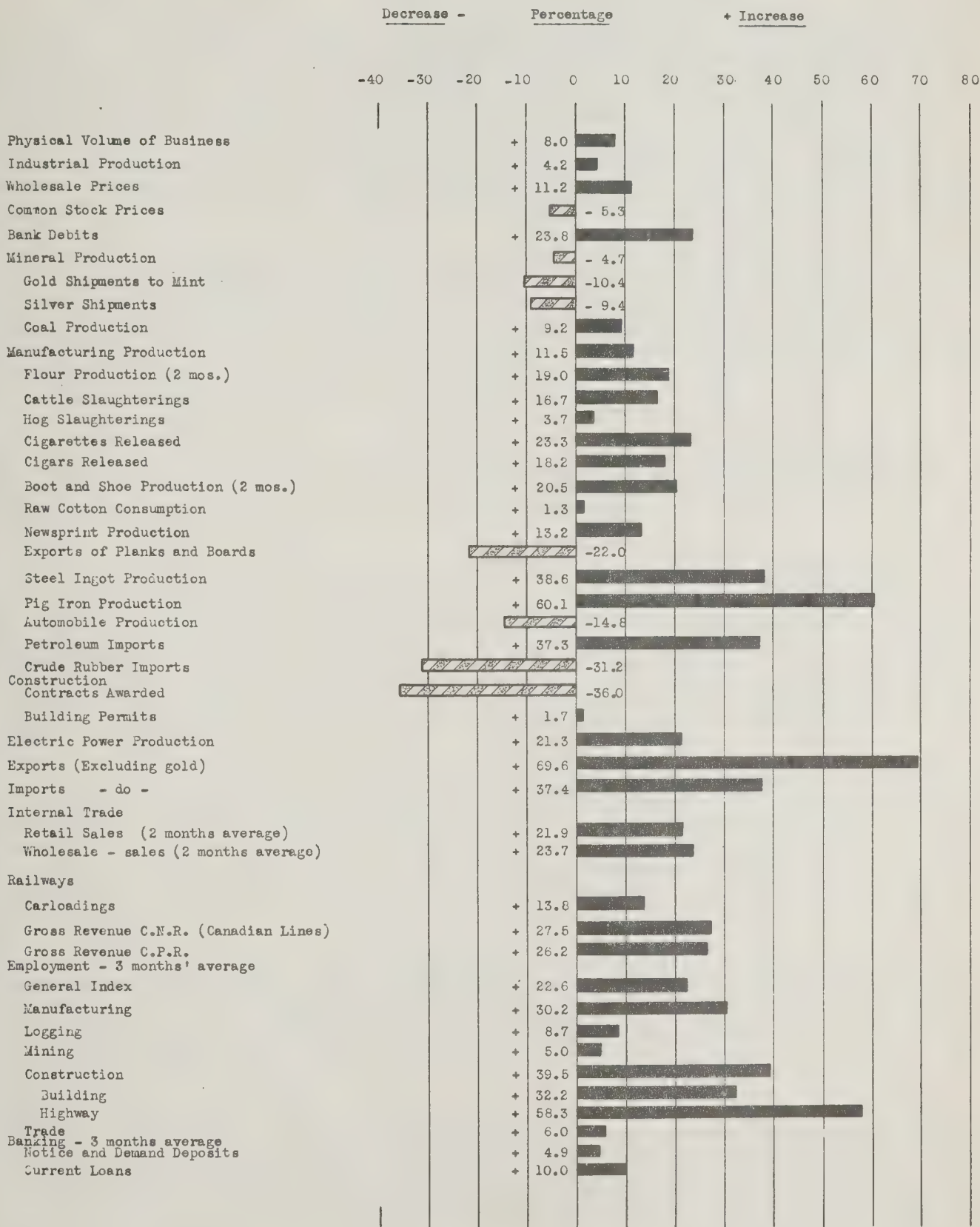
1942

Price \$1 a year

THE ECONOMIC SITUATION IN CANADA

in the first three months of 1942

as compared with the same period of 1941



- Dominion Bureau of Statistics

Eight items recorded declines, while thirty-six showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Acting Dominion Statistician:	S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST QUATER OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Economic activity recorded a marked gain in the first quater of the present year over the same period of 1941. The important changes included the expansion in business operations and the advance in wholesale prices. The index of the physical volume of business averaged 137 in the first three months of the present year against about 127 in the same period a year ago, a gain of about 8 p.c. The index of the physical volume of business has shown marked advance during recent years reaching a high position especially since the outbreak of hostilities. While the general index of employment has shown a similar trend, the advance over the first quarter of 1941 was of greater proportions. The index averaged 165.4 against 134.9 in the same quarter of 1941.

For slightly more than 2 years, subsequent to the outbreak of war, wholesale prices recorded a considerable advance. The first month of war was characterized by a sharp increase. Subsequent advances were of a more moderate character but the cumulative effect was important especially during the first ten months of 1941. During the first quarter of the present year, the index of wholesale prices on the base of 1926 was 94.7 against 85.2 in the same period of last year. Since November moderate fluctuations have been shown in a range below the ceiling of that month.

High-grade bond prices have shown a minor advance since the beginning of 1941. It will be recalled that a marked decline was shown in high-grades during the first month of war. Considerable recovery, was shown during the next fifteen months and the greater part of the reaction has now been counterbalanced.

The deposit liabilities of the banks were at a new high level in the first quarter of the present year. An upward trend has been shown since the first part of 1934 and the war has served only to accelerate the expansion. While savings deposits have shown considerable fluctuation in view of heavy payments on Dominion Government loans, the sum of the different classes of deposits have fluctuated to a much lesser extent. Government deposits showed changes in the opposite direction from the fluctuations in notice accounts. Speculative factors including the price of common stocks and speculative trading were at a lower position in the first quarter of this year.

Recession was shown in mineral production, gold receipts at the Mint having been 1,165,000 fine ounces against 1,300,000 in the same period last year. Recession was also shown in silver shipments while the output of coal rose from 4.8 million tons to 5.2 million. A considerable increase was recorded in manufacturing production in the first quarter of the present year. Flour production, based on statistics for two months, rose 19 p.c. A gain of nearly 17 p.c. in cattle slaughterings and a minor increase in hogs, was shown.

A marked increase was recorded in the use of cigars and cigarettes, the gains in the releases having been 18.2 p.c. and 23.3 p.c., respectively. The forestry industry was more active newsprint production rising 13.2 p.c. A decline, however, of 22 p.c. was shown in the exports of planks and boards. A marked advance was recorded in the operations of the iron and steel group. Steel ingot production rose 38.6 p.c., while pig iron production rose more than 60 p.c.

Despite the revival in March, construction contracts awarded were lower during the first quarter than in the same period of 1941. A minor increase was shown in building permits in 58 municipalities. The gain in electric power production was 21 p.c., the total having been 9,312 million kilowatt hours against 7,674 million. Exports in the first quarter amounted to nearly \$496 million against \$292 million in the same period last year. Imports also showed a large increase, the advance having been from \$296 million to \$407 million.

A gain of nearly 14 p.c. was shown in the railway freight traffic, car-loadings having amounted to 792,000 cars. The gross revenue of the Canadian National Railway and the Canadian Pacific Railway rose 27.5 p.c. and 26.2 p.c., respectively.

Statistics Illustrating the Economic Situation of Canada for the first quarter
of 1942, Compared with the same period of 1941

Item	Unit or base period	First Quarter		Percent Increase + Decrease -
		1942	1941	Percentage
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	137.0	126.9	+ 8.0
Index of Industrial Production	1935-9=100	144.8	139.0	+ 4.2
Wholesale Prices	1926=100	94.7	85.2	+ 11.2
Index of Common Stock Prices	1935-9=100	64.6	68.2	- 5.3
Bank Debits	\$000	10,300,482	8,319,432	+ 23.8
<u>Production and General Business</u>				
Mineral Production	1935-9=100	117.7	123.5	- 4.7
Gold Receipts	Fine Ozs.	1,164,622	1,300,324	- 10.4
Silver Shipments	Fine Ozs.	3,942,569	4,349,745	- 9.4
Coal Production	Tons	5,191,694	4,754,947	+ 9.2
Manufacturing Production	1935-9=100	153.6	137.7	+ 11.5
Flour Production (2 mos.)	Bbls.	3,140,828	2,639,556	+ 19.0
Cattle Slaughtering	No.	369,491	316,640	+ 16.7
Hog Slaughtering	No.	1,630,727	1,572,734	+ 3.7
Cigarettes released	No.	2,309,278,414	1,872,762,385	+ 23.3
Cigars released	No.	46,049,157	38,951,447	+ 18.2
Leather Boots & Shoes (2 mos.)	Pairs	4,582,080	3,802,146	+ 20.5
Raw Cotton Consumption	Lbs.	49,728,082	49,087,582	+ 1.3
Paper and Lumber -				
Newsprint Production	Tons	885,840	782,674	+ 13.2
Exports of Planks and Boards	M Ft.	379,682	486,643	- 22.0
Iron and Steel -				
Steel Ingot Production	Short ton	768,661	554,482	+ 38.6
Pig Iron Production	Short ton	474,245	296,288	+ 60.1
Automobile and Allied Industries-				
Automobile Production, Cars & Trucks	No.	62,120	72,949	- 14.8
Petroleum Imports	000 Gals	248,750,000	181,124,000	+ 37.3
Crude Rubber Imports	Lbs.	21,500,479	31,232,217	- 31.2
Construction -				
Contracts awarded	\$	41,783,500	65,276,300	- 36.0
Building Permits (58 Municipalities)	\$	14,951,992	14,706,645	+ 1.7
Electric Power Production	000 K.W.H.	9,311,680	7,673,572	+ 21.3
External Trade (Excluding gold) -				
Exports	\$	495,986,298	292,480,254	+ 69.6
Imports	\$	406,568,557	295,996,312	+ 37.4
Excess of exports over imports	\$ /	+89,417,741	- 3,516,058	
Internal Trade -				
Wholesale Sales (2 months average)	1935-9=100	134.1	108.4	+ 23.7
Retail Sales	1935-9=100	124.2	101.9	+ 21.9
Railways -				
Carloadings	No.	191,827	695,767	+ 13.8
Gross Revenue C.N.R. (Canadian Lines)	\$	69,526,700	54,530,000	+ 27.5
Gross Revenue, C.P.R.	\$	57,644,000	45,693,000	+ 26.2
Employment - 2 months' average				
General Index	1926=100	165.4	134.9	+ 22.6
Manufacturing		191.3	146.9	+ 30.2
Logging		272.5	250.6	+ 8.7
Mining		177.0	168.5	+ 5.0
Construction		115.5	82.8	+ 39.5
Building		141.9	107.3	+ 32.2
Highway		127.4	80.5	+ 58.3
Trade		160.3	151.2	+ 6.0
Banking - 3 months average				
Notice and Demand Deposits	\$	2,855,386,460	2,722,994,795	+ 4.9
Current Loans	\$	1,107,112,278	1,006,786,435	+ 10.0

Eight items recorded decline while thirty-six showed an increase.

11-D-01

DEPT. OF POLITICAL SCIENCE
UNIVERSITY OF TORONTO

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the ^{first} four months of 1942

compared with the same period of the

preceding year

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OTTAWA

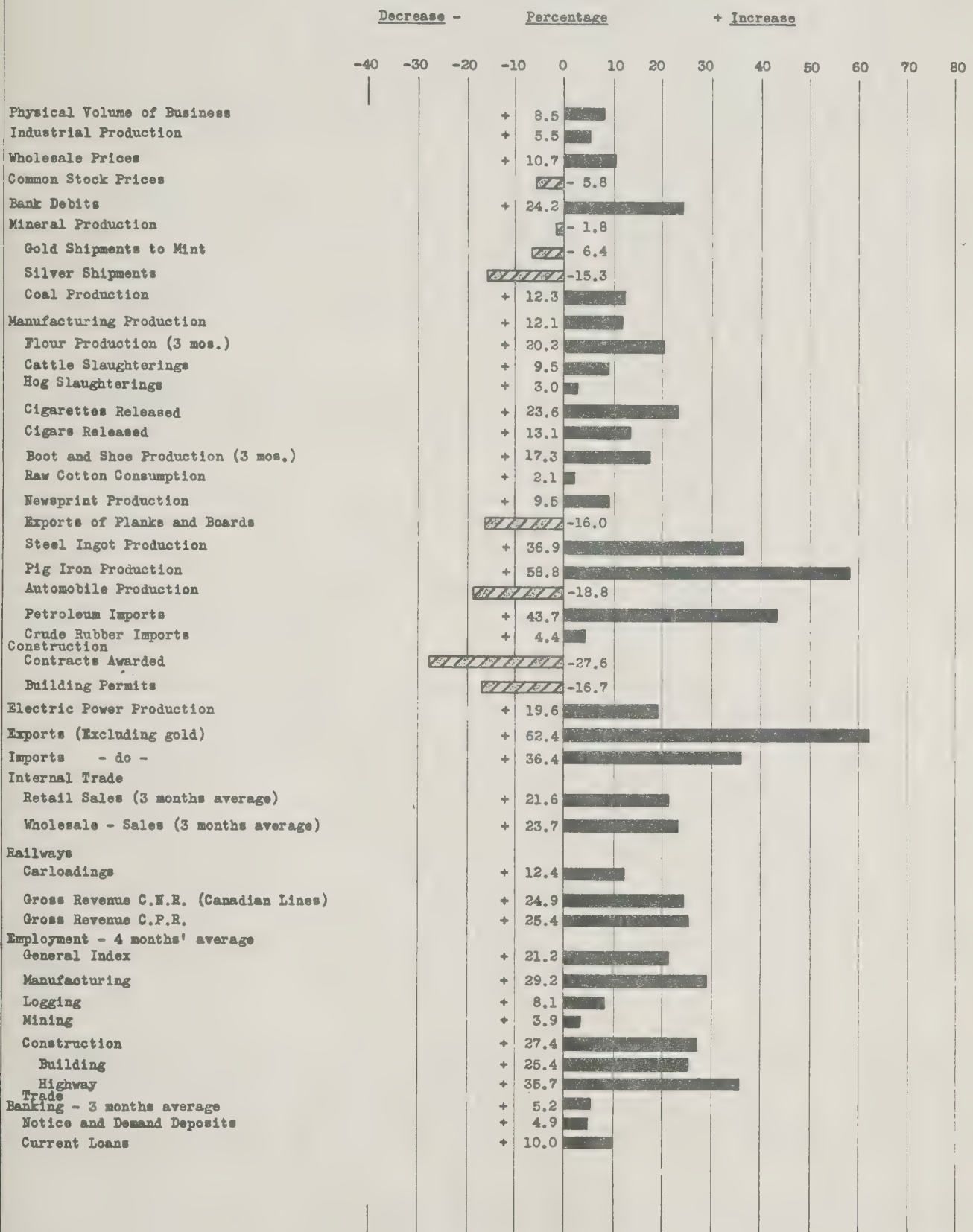
1942

Price \$1 a year

THE ECONOMIC SITUATION IN CANADA

in the first four months of 1942

as compared with the same period of 1941



- Dominion Bureau of Statistics

Eight items recorded declines, while thirty-six showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

Acting Dominion Statistician:	E. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FOUR MONTHS OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Six important factors indicating the trend of economic conditions averaged much higher in the first four months of 1942 than in the same period of last year. Marked changes in an upward direction were shown in the deposit liabilities of the banks and in commodity production. Bank deposits followed an upward trend since the early months of 1934 and attained a new maximum on the latest date for which statistics are available. High-grade bond prices have shown an upward trend since October 1939. Prices have been relatively stable since the beginning of last year and a great part of the decline in the first month of hostilities was counter-balanced by the subsequent recovery.

Wholesale prices recorded a gain from August 1939 to November last and have since fluctuated within narrow limits below the ceiling established in that month. The index on the base of 1926 averaged 94.8 in the first four months of the present year against 85.6 in the same period of 1941, the gain being 10.7 p.c. Speculative factors including common stock prices and the number of shares traded on the stock exchanges have recorded low levels during the elapsed portion of the present year. The index of common stock prices averaged 63.7 against 67.6, the relatively low level of the early part of 1941.

Reflecting the influence of heavy war demands, the index of the physical volume of business averaged 137.9 in the first four months of 1942 against 127.1 in the same period last year, a gain of 8.5 p.c. The index of employment during the same interval rose from 136.5 to 165.4, and a considerable gain was shown in each of the main components.

The activity of the mining industry has been about maintained at the high level of the early part of 1941. An index of mineral production based on ten factors was 120.9 in the first four months of the present year recording a slight recession from the early months of 1941. The index of employment in the mining industry, however, showed a gain from 169.9 to 176.5, an increase of nearly 4 p.c. Gold receipts at the Mint receded from 1,686,000 fine ounces to 1,578,000. The production of coal, however, rose 12.3 p.c. from 5,969,000 tons to 6,704,000.

Manufacturing production was at a considerably higher level in the elapsed portion of the present year. An index based on forty items rose from 133.4 to 155.2 in the first four months of the present year, a gain of more than 12 p.c. The increase in the manufacturing employment was from 149.7 to 193.4. The increase in the flour production in the first three months over the same period last year was 20.2 p.c., the total in the recent period having been 4,948,000 barrels. The release of cigarettes rose from 2,489 million to 3,077 million, a gain of 23.6 p.c. The release of cigars increased from 54.9 million to 62.1 million, a gain of 13 p.c. The increase in the production of boots and shoes was 17 p.c., the total in the first three months of the present year having been 7,158,000 pairs. A minor gain was recorded in the raw cotton consumed in the textile industry. The gain in the output of newsprint was 9.5 p.c., while a decline of 16 p.c. was recorded in the export of planks and boards. The timber scaled in British Columbia in the first quarter amounted to 646.3 million feet compared with 745.2 million in the same period of 1941.

The great expansion in the production of munitions and of war supplies is indicated by the production of steel ingots which rose from 755,000 tons to 1,034,000 a gain of nearly 37 p.c. The expansion in pig iron production was even greater, the total having been 635,000 tons against nearly 400,000 the increase in this instance being 58.8 p.c. Imports of petroleum were up 43.7 p.c., the total in the first four months of 1942 amounting to 375.1 million gallons.

The new business obtained by the construction industry recorded considerable decline. Contracts awarded were \$64.3 million against \$88.8 million. Building permits receded from \$27.3 million to \$22.7 million.

A marked gain was shown in the production of electric power. The total was 12,394 million kilowatt hours against 10,367 million, the indicated gain having been 19.6 p.c.

Statistics Illustrating the Economic Situation of Canada for the first four months,
of 1942, Compared with the same period of 1941.

Item	Unit or base period	First Four Months		Percent Increase + Decrease -
		1942	1941	
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	137.9	127.1	+ 8.5
Index of Industrial Production	1935-9=100	146.8	139.1	+ 5.5
Wholesale Prices	1926=100	94.9	85.6	+ 10.7
Index of Common Stock Prices	1935-9=100	63.7	67.6	- 5.8
Bank Debits	\$000	14,033,482	11,303,598	+ 24.2
<u>Production and General Business</u>				
Mineral Production	1935-9=100	120.9	123.1	- 1.8
Gold Receipts	Fine Ozs.	1,577,783	1,685,812	- 6.4
Silver Shipments	Fine Ozs.	4,940,570	5,831,226	- 15.3
Coal Production	Tons	5,703,566	5,968,997	+ 12.3
Manufacturing Production	1935-9=100	155.2	138.4	+ 12.1
Flour Production (3 mos.)	Bbls.	4,947,682	4,116,229	+ 20.2
Cattle Slaughtering	No.	521,661	476,520	+ 9.5
Hog Slaughtering	No.	2,175,922	2,113,242	+ 3.0
Cigarettes released	No.	3,076,734,265	2,489,228,042	+ 23.6
Cigars released	No.	62,062,071	54,868,737	+ 13.1
Leather Boots & Shoes (3 mos.)	Pairs	7,158,444	6,104,432	+ 17.3
Raw Cotton Consumption	Lbs.	67,591,899	66,202,531	+ 2.1
Paper and Lumber				
Newsprint Production	Tons	1,163,581	1,062,670	+ 9.5
Exports of Planks and Boards	M ft.	528,451	629,296	- 16.0
Iron and Steel				
Steel Ingot Production	Short ton	1,033,649	755,162	+ 36.9
Pig Iron Production	Short ton	631,653	399,614	+ 58.8
Petroleum Imports	000 Gals.	375,088	261,046	+ 43.7
Crude Rubber Imports	Lbs.	38,523,612	36,901,434	+ 4.4
Construction				
Contracts awarded	\$	64,295,600	88,843,500	- 27.6
Building Permits (58 Municipalities)	\$	22,693,554	27,258,903	- 16.7
Electric Power Production	000 K.W.H.	12,394,420	10,366,925	+ 19.6
External Trade (Excluding gold) -				
Exports	\$	667,451,667	410,905,304	+ 62.4
Imports	\$	548,681,498	402,264,731	+ 36.4
Excess of exports over imports	\$	118,770,169	8,640,573	
Internal Trade				
Wholesale Sales (3 months average)	1935-9=100	141.0	114.0	+ 23.7
Retail Sales	1935-9=100	131.0	107.7	+ 21.6
Railways				
Carloadings	No.	1,064,761	947,320	+ 12.4
Gross Revenue C.N.R. (Canadian Lines)	\$	94,474,700	75,667,000	+ 24.9
Gross Revenue C.P.R.	\$	78,266,000	62,407,000	+ 25.4
Employment - 4 months' average				
General Index	1926=100	165.4	136.5	+ 21.2
Manufacturing		193.4	149.7	+ 29.2
Logging		248.2	229.5	+ 8.1
Mining		176.5	169.9	+ 3.9
Construction		111.1	87.2	+ 27.4
Building		139.2	111.0	+ 25.4
Highway		117.8	86.8	+ 35.7
Trade		158.5	150.6	+ 5.2
Banking - 3 months average				
Notice and Demand Deposits	\$	2,855,386,460	2,722,994,795	+ 4.9
Current Loans	\$	1,107,112,278	1,006,786,435	+ 10.0

Eight items recorded declines while thirty-six showed increases.

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first five months of 1942

compared with the same period of the

preceding year

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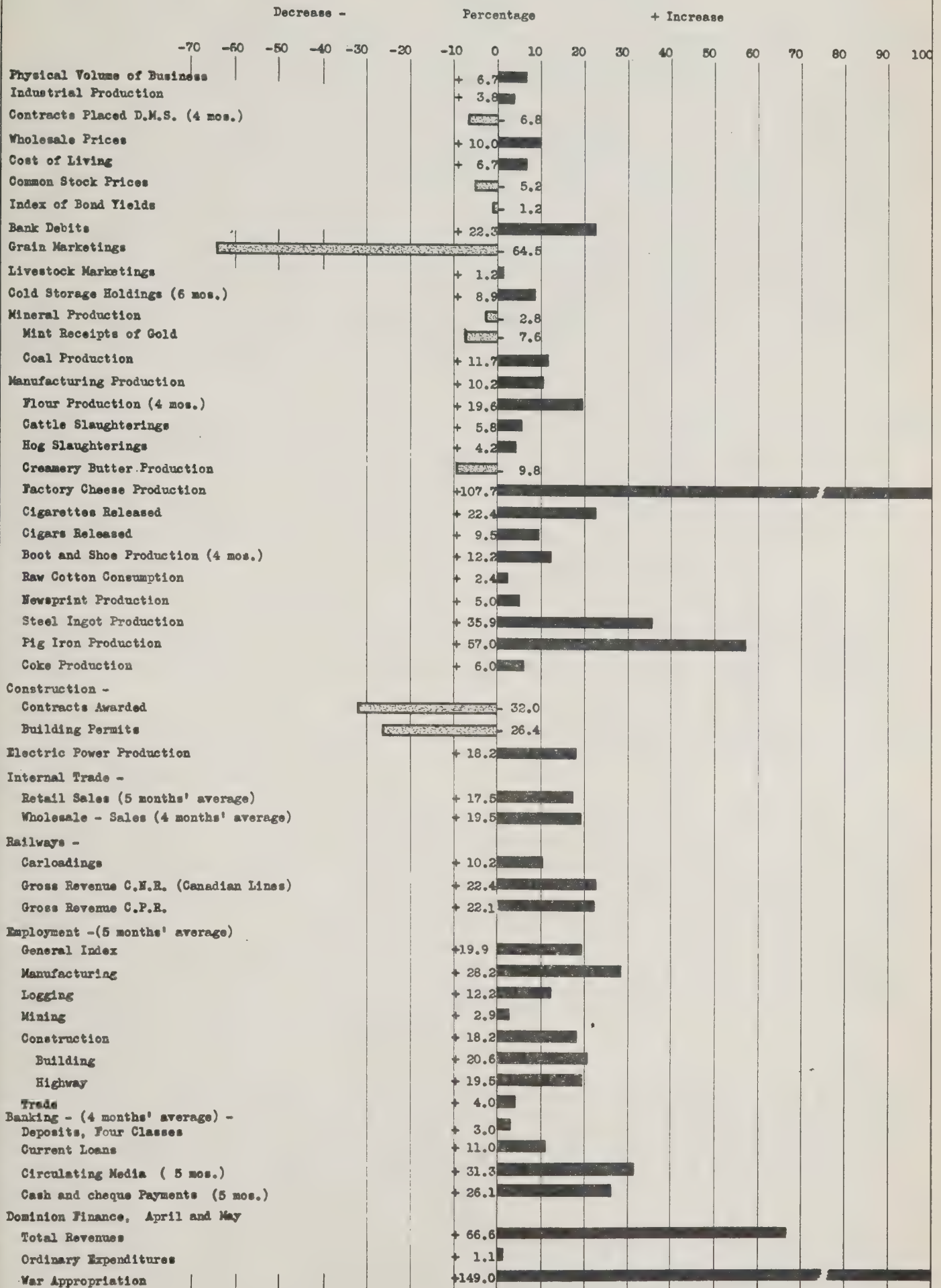
1942

Price \$1 a year

THE ECONOMIC SITUATION IN CANADA

in the first five months of 1942

as compared with the same period of 1941



Nine items recorded declines, while forty-two showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA

GENERAL STATISTICS BRANCH

Acting Dominion Statistician:
Chief, Business Statistics Branch:

S. A. Cudmore, M.A.(Oxon), F.S.S., F.R.S.C.
Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST FIVE MONTHS OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

The factors indicating economic conditions showed an important advance in the first five months of the present year over the same period of 1941. The index of physical volume of business, the most comprehensive measure of productive activity on a monthly basis averaged 136.7 in the elapsed portion of the present year against 128. While wholesale prices have fluctuated within narrow limits below the ceiling established in November last, the index averaged 10 p.c. higher in the period under review. The average on the base of 1926 was 94.8 against 86.2 in the same period of last year. The index of the cost of living, which has also fluctuated narrowly since last November, recorded an advance of 6.7 p.c., the average in the first five months having been 115.8 against 108.5. The amount of cheques cashed in clearing centres affected not only by the advance in the volume of business and commodity prices, but also by heavy payments in connection with the second Victory Loan rose from \$14.6 billion to \$17.8 billion, an increase of 22.3 p.c. having been indicated.

The increase in productive operations, especially in the industries engaged on war contracts, was accomplished through an enlargement in the working forces. The general index of employment averaged 165 during the first five months against 138.3, a gain of nearly 20 p.c. The main influence in raising the general index was the acceleration in manufacturing production. The numbers employed in such plants recorded an increase of more than 28 p.c., the index averaging 195 against 152 in the first five months of 1941. Employment in mining and trade was more than maintained in this comparison, while important increases were shown in building construction and in logging.

Owing to the reduced crop of 1941 and the retardation in the marketing of the crop of the preceding year, the index of grain marketings showed a sharp reaction, the standing having been about 85.0 compared with 239. The index of livestock marketings rose from 97.2 to 98.4 and a gain of nearly 9 p.c. was shown in the index of cold storage holdings.

Coal production was a constructive factor among the indexes measuring the trend of mineral production. The output of coal was more than 8 million tons compared with 7.2 million, a gain of nearly 12 p.c.

The index of manufacturing production rose from 139 to 153, the advance being practically general throughout the different industries. The increase in the production of flour in the first four months was nearly 20 p.c., the advance being from 5.8 million barrels to 6.9 million. The meat-packing industry was considerably more active measured by the slaughterings of cattle and hogs. A marked increase was shown in the production of factory cheese, while the output of creamery butter was at a somewhat lower position. The release of tobacco, especially of cigarettes, recorded an advance. The cigarettes made available increased from 3.1 billion to 3.8 billion, whereas the increase of cigars was from 71.3 million to 78.0 million. The cotton textile industry was slightly more active as measured by the raw cotton used. The output of leather boots and shoes in the first four months showed a gain of 12 p.c.

Newsprint production, one of the principal products of the forestry group, showed an increase of 5 p.c., the total in the first five months having been 1.4 million tons. The expansion in the primary iron and steel industry was one of the striking features of the early months of the present year. The production of steel ingots rose from 961,000 tons to 1,306,000, a gain of nearly 36 p.c. The increase in the production of pig iron was relatively of greater proportions, the total having been 806,000 tons against 513,000, a gain of 57 p.c.

The new business obtained by the construction industry was at a lower position in the first five months of the present year. The decline in contracts awarded and in building permits in 58 municipalities was 32 p.c. and 26.4 p.c., respectively. The production of electric power was affected by the expansion in industrial operations. The increase was from 13.2 billion kilowatt hours to 15.6 billion, a gain of more than 18 p.c.

Statistics Illustrating the Economic Situation of Canada for the first five months,
of 1942, Compared with the same period of 1941.

Item	Unit or Base Period	First Five Months 1942	1941	Per Cent Increase + Decrease -
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	136.7	128.1	+ 6.7
Index of Industrial Production	1935-9=100	145.2	139.9	+ 3.8
Contracts Placed, D.M.S. (4 mos.)	\$ 000,000	317	340	- 6.8
Wholesale Prices	1926=100	94.8	86.2	+ 10.0
Cost of Living	1935-9=100	115.8	108.5	+ 6.7
Index of Common Stock Prices	1935-9=100	63.4	66.9	- 5.2
Index of Bond Yields	1935-9=100	99.5	100.7	- 1.2
Bank Debits	\$000	17,824,665	14,569,470	+ 22.3
Index of Grain Marketings	1935-9=100	84.9	239.0	- 64.5
Index of Livestock Marketings	1935-9=100	98.4	97.2	+ 1.2
Index of Cold Storage Holdings (6 mos)	1935-9=100	158.5	145.6	+ 8.9
<u>Production and General Business</u>				
Mineral Production	1935-9=100	123.1	126.6	- 2.8
Gold Receipts at Mint	Fine Ozs.	1,971,493	2,133,248	- 7.6
Coal Production	Tons	8,003,260	7,167,252	+ 11.7
Manufacturing Production	1935-9=100	153.1	138.9	+ 10.2
Flour Production (4 mos.)	Bbls.	6,908,582	5,777,126	+ 19.6
Cattle Slaughtering	No.	675,524	638,736	+ 5.8
Hog Slaughtering	No.	2,710,024	2,599,892	+ 4.2
Creamery Butter Production	Lbs.	77,970,862	86,479,345	- 9.8
Factory Cheese Production	Lbs.	50,335,353	24,231,362	+ 107.7
Cigarettes released	No.	3,848,212,483	3,143,560,602	+ 22.4
Cigars released	No.	78,007,076	71,256,024	+ 9.5
Leather Boots and Shoes (4 mos.)	Pairs	9,585,412	8,539,711	+ 12.2
Raw Cotton Consumption	Lbs.	84,656,640	82,705,181	+ 2.4
Paper and Lumber -				
Newsprint Production	Tons	1,415,412	1,347,437	+ 5.0
Iron and Steel -				
Steel Ingot Production	Short Ton	1,305,896	961,272	+ 35.9
Pig Iron Production	Short Ton	806,039	513,238	+ 57.0
Coke Production	Short Ton	1,363,835	1,287,115	+ 6.0
Construction -				
Contracts awarded	\$	88,191,000	129,719,100	- 32.0
Building Permits (58 Municipalities)	\$	29,391,563	39,960,997	- 26.4
Electric Power Production	000 K.W.H.	15,569,184	13,172,319	+ 18.2
Internal Trade -				
Wholesale Sales (4-months average)	1935-9=100	144.5	120.9	+ 19.5
Retail Sales (5-months average)	1935-9=100	141.4	120.3	+ 17.5
Railways -				
Carloadings	No.	1,348,195	1,223,477	+ 10.2
Gross Revenue C.N.R. (Canadian Lines)	\$	120,860,700	98,740,000	+ 22.4
Gross Revenue, C.P.R.	\$	99,788,000	81,751,000	+ 22.1
Employment - 5 months' average -				
General Index	1926=100	165.8	138.3	+ 19.9
Manufacturing		195.1	152.2	+ 28.2
Logging		230.3	205.2	+ 12.2
Mining		175.9	170.9	+ 2.9
Construction		110.8	93.7	+ 18.2
Building		137.9	114.3	+ 20.6
Highway		117.1	98.0	+ 19.5
Trade		157.5	151.4	+ 4.0
Banking - 4 months' average -				
Deposits, Four classes	\$ 000	2,833,888	2,751,126	+ 3.0
Current Loans	\$ 000	1,119,289	1,008,129	+ 11.0
Circulating Media (5 mos.)	\$ 000	2,608,767	1,986,382	+ 31.3
Cash and Cheque Payments (5 mos.)	\$ 000	23,878,667	18,938,805	+ 26.1
Dominion Finance - April and May -				
Total Revenues	\$	504,691,292	302,859,488	+ 66.6
Ordinary Expenditures	\$	65,657,133	64,920,893	+ 1.1
War Appropriation	\$	339,975,598	136,548,834	+ 149.0
United Kingdom War Financing	\$	220,000,000	-	-

Nine items recorded declines, while forty-three showed increases.

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first half of 1942

compared with the same period of the

preceding year

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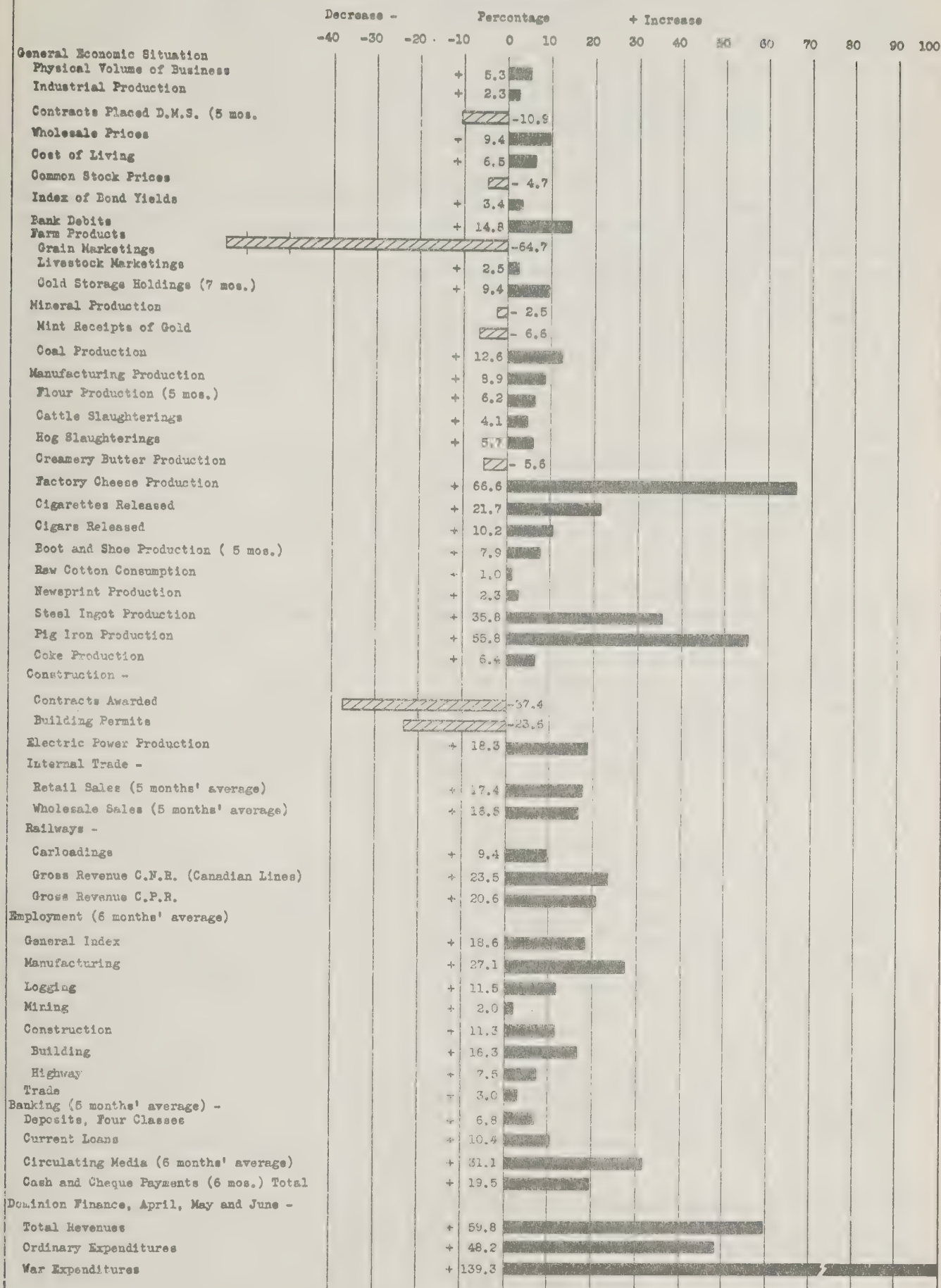
1942

Price \$1 a year

THE ECONOMIC SITUATION IN CANADA

in the first half of 1942

as compared with the same period of 1941



Eight items recorded declines, while forty-three showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA

BUSINESS STATISTICS BRANCH

Dominion Statistician:	S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST HALF OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

A majority of the major factors indicating the trend of economic conditions recorded advance during the first half of 1942 over the same period of the preceding year. The prices of commodities and of high-grade bonds were at a higher level in the last six months. The standing at the beginning of the year was not greatly altered from month to month as the price structure has remained remarkably steady subsequent to the establishment of control in November. The deposit liabilities of the chartered banks rose to a new high level in the period under review. While this factor has been advancing since the early months of 1934, a marked acceleration has taken place since the outbreak of hostilities.

Production.

Productive operations have reflected the intensity of Canada's participation in the war during the last six months. While the recession in industries engaged in production for civilian purposes tempered the advance during the last six months, the general level of production has been higher than at any other time in history. The index of the physical volume of business averaged 136.2 in the first half of this year against 129.3 in the same period of 1941.

The war contracts placed by the Department of Munitions and Supply during the first five months of the present year amounted to \$434 million. The war expenditure has mounted from \$201 million in the first three months of the last fiscal year to \$481.5 million in the same period of the present fiscal year beginning April 1st, last, a gain of 139 p.c. The amount charged to United Kingdom war financing in the first three months of the present fiscal year was given at \$436.4 million. While a portion of the war expenditure on Canadian account was for pay and allowances to the armed forces, the statistics indicate marked gain in the value of goods being delivered under war contracts.

Agriculture.

One feature in the expansion of Canadian production during the next twelve months will be the harvesting of one of the largest crops on record. The preliminary report on the numerical condition of field crops in Canada at the end of May indicated marked betterment in wheat and other crops. The percentage for wheat at that date was 108 compared with 98 in 1941. Telegraphic reports have confirmed the excellent prospects for grain and other crops for the present season. Crop conditions were maintained or improved during June to a point where one of the most favourable mid-season prospects in years was reported across Canada.

The wheat situation in Canada was featured recently by a decrease in the visible supply, with the exception of the wheat held on Canadian farms. The wheat in store during the week of July 24th was 407 million bushels against 462 million on the same date of last year. Marketings in the Prairie Provinces during the fifty-one weeks ended July 24 were 214.8 million bushels, while 450.3 million had been received during the same period of the preceding year.

The index of livestock marketings averaged 101 during the first half of 1942 against 98.5 in the same months of the preceding year. The index of cold storage holdings averaged for the first seven reporting dates at 155.5 against 142, a gain of 9.4 p.c.

Mining.

The output of the mining industry was practically maintained in the first half of 1942, the index of production dropping only 2.5 p.c. to 123.3. The gold mining industry was less productive, gold receipts at the Mint receding 6.6 p.c. to 2,370,000 fine ounces. An expansion occurred in the operations of the coal mining industry, the output rising from 8.3 million tons to 9.4 million.

Electric Power.

The output of electric power rose considerably from 15.7 billion kilowatt hours to 18.6 billion, a gain of 18.3 p.c. An all-time maximum for any month was established in January of this year. In spite of additions to present plants and conservation in consumption through daylight saving and the elimination of electric boilers, some concern is felt as to the adequacy of the supply of power for war plants.

Manufacturing

Manufacturing production recorded a considerable advance in the first half of 1942 over the high level of the preceding year. The final index rose from 139.2 to 151.6, a gain of nearly 9 p.c. While the production of consumers' goods has shown reaction in recent months, an advance was recorded over the first half of 1941 in most lines.

The milling industry was more active, a gain of 6.2 p.c. having been shown in the first five months. The meat-packing industry showed further expansion, gains having been shown in the slaughtering of hogs and cattle. A marked advance was recorded in factory cheese production, the increase having been from 49.4 million pounds to 82.4 million, a gain of 66.6 p.c. Creamery butter production, on the other hand, was at a slightly lower position, the decline having been 5.6 p.c. to 119.4 million pounds.

The release of cigarettes rose nearly 22 p.c. to 4,636 million while the increase in the release of cigars for consumption amounted to 10.2 p.c., the total having been 95.4 million against 86.6 million. The boot and shoe and cotton textile industries were more active. The gain in newsprint production was recorded at 2.3 p.c., the total in the last six months having been 1,658,000 tons. The production of iron and steel was accelerated in the period under review. The increase in steel ingot production was nearly 39 p.c. to 1,560,000 tons. Pig iron production recorded a gain of 55.8 p.c. at 974,000 tons.

Construction.

The construction industry was less active, declines having been shown in contracts awarded and in building permits in the larger municipalities. Contracts amounted to \$134.9 million against \$215.5 million.

Trade.

The index of retail sales recorded decline in April and May but the average for the first five months was 17.4 p.c. greater than in the same period of the preceding year. The index of wholesale sales rose 16.5 p.c. to 147.3 p.c. in the same comparison.

Transportation.

The railways were more active in the first six months of the present year. Carloadings rose from 1,495,000 cars against 1,635,000, a gain of 9.4 p.c. The gross revenues of the two main systems recorded a much greater percentage gain. The gross revenue of the Canadian lines of the Canadian National Railways rose from \$120.7 million to \$149.0 million. The gross revenues of the Canadian Pacific was reported at \$121.0 million against \$100.3 million, a gain of 20.6 p.c.

Employment.

The index of employment, averaged for the first six reporting dates, was 166.8 against 140.7 in 1941. Despite the active recruitment for the armed forces, employment in Canadian enterprise is recording a marked advance. The increase in the working forces engaged in the manufacturing plants was spectacular. The index averaged 196.9 against 154.9, a gain of 27 p.c.

Finance.

The four classes of bank deposits rose from \$2,988 million to \$3,192 million, a gain of 6.8 p.c. Current loans averaged 10.4 p.c. greater in the half year, denoting ample financing of plants engaged on war production. The circulating media in the hands of the public averaged \$528 million against \$402 million in the first half of 1941, a gain of 31 p.c. The cash and cheque payments were estimated at nearly \$29 billion against \$24.3 billion in the first half of last year.

The total revenues of the Dominion Government during the first three months of the present fiscal year commencing April 1st, last, were \$620.3 million against \$388 million in the same period of the preceding fiscal year. The gain was nearly 60 p.c., but the expenditures also recorded a marked increase. Ordinary revenues rose 48 p.c., while war expenditures on Canadian account were 139 p.c. greater at \$481.5 million. The amount allotted to United Kingdom war financing initiated for the present fiscal year was \$436.4 million.

Statistics Illustrating the Economic Situation of Canada for the first half of 1942,
Compared with the same period of 1941

Item	Unit or Base Period	First Six Months 1942	1941	Per Cent Increase + Decrease -
<u>General Economic Situation</u>				
Index of Physical Volume of Business 1935-9=100		136.2	129.3	+ 5.3
Index of Industrial Production 1935-9=100		144.8	141.5	+ 2.3
War Contracts Placed, D.M.S. (5 mos.) \$ 000		434,448	487,614	- 10.9
Wholesale Prices 1926=100		95.0	86.8	+ 9.4
Cost of Living 1935-9=100		116.0	108.9	+ 6.5
Index of Common Stock Prices 1935-9=100		63.3	68.7	- 4.7
Index of Bond Yields 1935-9=100		99.4	96.1	+ 3.4
Bank Debits \$ 000		21,591,707	18,810,100	+ 14.8
<u>Production and General Business</u>				
<u>Farm Products -</u>				
Index of Grain Marketings 1935-9=100		84.5	239.6	- 64.7
Index of Livestock Marketings 1935-9=100		101.0	98.5	+ 2.5
Index of Cold Storage Holdings (7 mos.) 1935-9=100		155.5	132.1	+ 9.4
Mineral Production 1935-9=100		123.3	126.5	- 2.5
Gold Receipts at Mint Fine Ozs.		2,370,188	2,539,879	- 6.6
Coal Production Tons		9,370,823	8,324,979	+ 12.6
Manufacturing Production 1935-9=100		151.3	139.2	+ 8.9
Flour Production (5 mos.) Bbls.		8,390,031	7,898,523	+ 6.2
Cattle Slaughtering No.		825,583	792,816	+ 4.1
Hog Slaughtering No.		3,172,928	3,002,194	+ 5.7
Creamery Butter Production Lbs.		119,382,966	126,525,439	- 5.6
Factory Cheese Production Lbs.		82,367,857	49,447,380	+ 66.6
Cigarettes released No.		4,635,621,152	3,908,680,650	+ 21.7
Cigars released No.		95,448,200	86,578,378	+ 10.2
Leather Boots and Shoes (5 mos.) Pairs		12,011,597	11,131,228	+ 7.9
Raw Cotton Consumption Lbs.		99,626,902	98,620,920	+ 1.0
Paper and Lumber -				
Newsprint Production Tons		1,658,174	1,621,134	+ 2.3
Iron and Steel -				
Steel Ingot Production Short Ton		1,560,059	1,148,435	+ 35.8
Pig Iron Production Short Ton		974,000	625,351	+ 55.8
Coke Production Short Ton		1,633,404	1,534,845	+ 6.4
<u>Construction -</u>				
Contracts awarded \$		134,947,200	215,466,600	- 37.4
Building Permits (58 Municipalities) \$		37,043,507	48,496,551	- 23.6
Electric Power Production 000 K.W.H.		18,612,384	15,732,379	+ 18.3
<u>Internal Trade -</u>				
Wholesale Sales (5 mos.' average) 1935-9=100		147.3	126.4	+ 16.5
Retail Sales (5 mos.' average) 1935-9=100		141.4	120.4	+ 17.4
<u>Railways -</u>				
Carloadings No.		1,634,701	1,494,749	+ 9.4
Gross Revenue C.N.R. (Canadian Lines) \$		149,042,700	120,691,000	+ 23.5
Gross Revenue C.P.R. \$		121,033,000	100,343,000	+ 20.6
<u>Employment (6 months' average -</u>				
General Index 1926=100		166.8	140.7	+ 18.6
Manufacturing		196.9	154.9	+ 27.1
Logging		220.1	197.4	+ 11.5
Mining		175.4	171.9	+ 2.0
Construction		112.9	101.4	+ 11.3
Building		138.0	118.7	+ 16.3
Highway		120.1	111.7	+ 7.5
Trade		156.9	152.3	+ 3.0
<u>Banking - 5 months' average -</u>				
Deposits, Four Classes \$ 000		3,192,424	2,988,491	+ 6.8
Current Loans \$ 000		1,118,450	1,012,857	+ 10.4
Circulating Media (6 months' average) \$ 000		527,694	402,496	+ 31.1
Cash and Cheque Payments (6 mos.) Total \$ 000		28,999,667	24,271,735	+ 19.5
<u>Dominion Finance - April, May and June</u>				
Total Revenues \$		620,257,523	388,139,761	+ 59.8
Ordinary Expenditures \$		132,713,402	89,520,873	+ 48.2
War Expenditures \$		481,502,686	201,184,342	+ 139.3
United Kingdom War Financing \$		436,428,634	-	-

Eight items recorded declines, while forty-three were at a higher position.

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first seven months of 1942

compared with the same period of the

preceding year

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Minister of Trade and Commerce.

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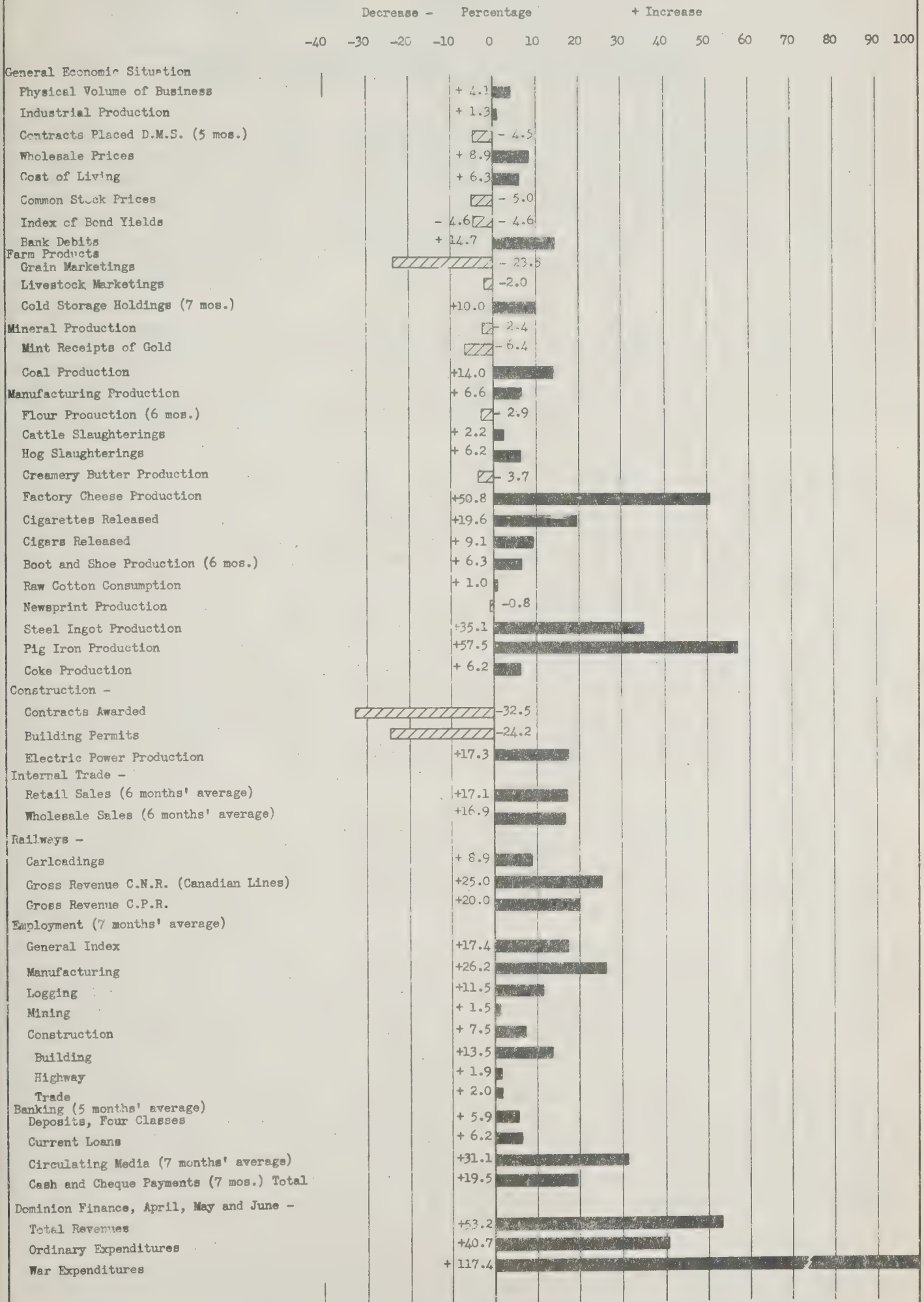
OTTAWA

1942

Price \$1 a year

THE ECONOMIC SITUATION IN CANADA

in the first seven months of
1942 as compared with the same period of 1941.



Twelve items recorded declines, while thirty-nine showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA

BUSINESS STATISTICS BRANCH

Dominion Statistician:
Chief, Business Statistics Branch:

S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SEVEN MONTHS OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Important factors indicating the trend of economic conditions recorded expansion in the first seven months of this year over the same period of 1941. The index of the physical volume of business rose more than 4 p.c. to 136.0. The index of wholesale prices averaged 95.2 against 87.4 an increase of nearly 9 p.c. The cost of living at 116.2 was 6.3 p.c. greater. The amount of cheques cashed in clearing house centres was \$25.3 billion against \$22.1 billion, an increase of 14.7 p.c. Bond prices averaged higher in the first seven months as indicated by a recession of 4.6 p.c. in the index of bond yields. Common stock prices averaged 5 p.c. below the same period of last year the index having been 63.2.

Owing to the reduced grain crop of last year the index of marketings receded to a lower position during the first seven months of 1942. The index of livestock marketings was nearly maintained. An increase of more than 2 p.c. was shown in cattle slaughterings while hog slaughterings were 6 p.c. greater. A gain of 10 p.c. was shown in the index of cold storage holdings. The favourable weather conditions of the growing season is resulting in the harvest of one of the largest crops in Canada's history.

A slight recession was shown in the index of mineral production although the output of coal rose 14 p.c. to 10.8 million tons. Gold receipts at the Mint declined 6.4 p.c., the total having been 2,801,623 fine ounces against 2,992,063 in the same period last year. The index of manufacturing production rose from 141.5 to 150.9, a gain of 6.6 p.c. The recession in flour production in the first six months was limited to about 3 p.c. Factory cheese production was nearly 51 p.c. higher at 112.6 million pounds. A recession was shown in creamery butter production at 159.6 million pounds. The release of cigarettes and cigars showed gains of 19.6 p.c. and 9.1 p.c. respectively. The consumption of raw cotton by the textile mills was more than maintained, the increase having been 1 p.c. to 116.6 million pounds. Newsprint production was at a slightly lower level, the output in the elapsed portion of the present year having been 1,899,352 short tons, a recession of 0.8 p.c. having been indicated. The primary iron and steel industry registered important expansion reflecting the upward fluctuation in the production of munitions. The output of steel ingots was 1,818,000 tons, an increase of more than 35 p.c. Pig iron production showed an even greater percentage increase, the total having been 1,146,000 tons against 728,000.

The new business obtained by the construction industry was at a lower level, declines having been shown both in contracts awarded and in building permits. Electric power production rose from 18.4 billion kilowatt hours to 21.6 billion, a gain of more than 17 p.c. Wholesale sales rose to a much higher level, the index for the first half of the year having averaged 150.6 against 128.8. A gain was also shown in retail sales.

The gross revenues of the two principal railway systems rose sharply in the first seven months of the year. The revenue of the internal lines of the Canadian National Railways was \$178,331,000 against \$142,697,000, a gain of 25 p.c. The revenues of the Canadian Pacific Railway rose from \$119.7 million to \$143.6 million, a gain of 20 p.c. In the same comparison the railway traffic movement showed a gain of nearly 9 p.c., the number of cars loaded having been 1,928,000 against 1,772,000.

A marked expansion in industrial activity was indicated by the increase in the indexes of employment. The general index averaged for the first seven reporting dates a level of 168 against 143 in the same period of last year. The gain of 17.4 p.c. in the general index compares with an increase of 26.2 p.c. in manufacturing plants. The index of employment for manufacturing was 198.7 against 157.4 in the same period of 1941. Employment in the mining industry rose 1.5 p.c. while a gain in construction was recorded at 7.5 p.c.

A strong liquid position of the chartered banks was indicated by the operating statistics during the first six months of the year. Deposit liabilities rose nearly 6 p.c. having averaged \$3,181 million against \$3,003 million. The gain in current loans mainly of a commercial and industrial character rose more than 6 p.c. averaging \$1,107 against \$3,003 million.

Statistics Illustrating the Economic Situation of Canada for the first seven months
of 1942, Compared with the same period of 1941

Item	Unit of Base Period	First Seven Months 1942	1941	Per Cent Increase + Decrease -
<u>General Economic Situation</u>				
Index of Physical Volume of Business 1935-9=100		136.0	130.6	+ 4.1
Index of Industrial Production 1935-9=100		144.6	142.7	+ 1.3
War Contracts Placed, D.M.S. (6 mos.) \$ 000		533,763	558,828	- 4.5
Wholesale Prices 1926=100		95.2	87.4	+ 8.9
Cost of Living 1935-9=100		116.2	109.3	+ 6.3
Index of Common Stock Prices 1935-9=100		63.2	66.5	- 5.0
Index of Bond Yields 1935-9=100		99.3	104.1	- 4.6
Bank Debits \$ 000		25,295,840	22,051,806	+14.7
<u>Production and General Business</u>				
Farm Products -				
Index of Grain Marketings 1935-9=100		111.1	145.2	- 23.5
Index of Livestock Marketings 1935-9=100		99.9	101.9	- 2.0
Index of Cold Storage Holdings (8 mos.) 1935-9=100		152.3	138.5	+10.0
Mineral Production 1935-9=100		126.2	129.3	- 2.4
Gold Receipts at Mint Fine Ozs.		2,801,623	2,992,063	- 6.4
Coal Production Tons		10,845,285	9,511,673	+14.0
Manufacturing Production 1935-9=100		150.9	141.5	+ 6.6
Flour Production (6 mos.) Bbls.		9,725,208	10,016,499	- 2.9
Cattle Slaughtering No.		969,324	948,398	+ 2.2
Hog Slaughtering No.		3,584,673	3,376,353	+ 6.2
Creamery Butter Production Lbs.		159,612,892	165,682,659	- 3.7
Factory Cheese Production Lbs.		112,611,378	74,668,581	+50.8
Cigarettes released No.		5,479,225,939	4,580,846,128	+19.6
Cigars released No.		111,450,021	102,188,116	+ 9.1
Leather Boots and Shoes (6 mos.) Pairs		14,421,067	13,570,179	+ 6.3
Raw Cotton Consumption Lbs.		116,639,598	115,528,569	+ 1.0
Paper and Lumber -				
Newsprint Production Tons		1,899,352	1,914,617	- 0.8
Iron and Steel -				
Steel Ingot Production Short Ton		1,818,301	1,345,751	+35.1
Pig Iron Production Short Ton		1,146,153	727,556	+57.5
Coke Production Short Ton		1,908,807	1,798,019	+ 6.2
Construction -				
Contracts awarded \$		167,040,600	247,421,400	-32.5
Building Permits (58 Municipalities) \$		44,021,745	58,071,799	-24.2
Electric Power Production 000 K.W.H.		21,578,039	18,393,524	+17.3
Internal Trade -				
Wholesale Sales (6 mos.' average) 1935-9=100		150.6	128.8	+16.9
Retail Sales (6 mos.' average) 1935-9=100		143.6	122.6	+17.1
Railways -				
Carloadings No.		1,928,470	1,771,578	+ 8.9
Gross Revenue C.N.R. (Canadian Lines) \$		178,331,000	142,697,000	+25.0
Gross Revenue C.P.R. \$		143,631,000	119,726,000	+20.0
Employment (7 months' average -				
General Index 1926=100		168.0	143.1	+17.4
Manufacturing		198.7	157.4	+26.2
Logging		212.9	191.0	+11.5
Mining		175.2	172.6	+ 1.5
Construction		116.4	108.3	+ 7.5
Building		139.5	122.9	+13.5
Highway		126.6	124.3	+ 1.9
Trade		156.3	153.2	+ 2.0
Banking - 6 months' average -				
Deposits, Four Classes \$ 000		3,180,503	3,002,804	+ 5.9
Current Loans \$ 000		1,106,904	1,042,561	+ 6.2
Circulating Media (7 months' average) \$ 000,000		533.0	406.5	+31.1
Cash and Cheque Payments (7 mos.) Total \$000,000		34,047	28,489	+19.5
Dominion Finance - April to July				
Total Revenues \$		742,059,633	484,250,398	+53.2
Ordinary Expenditures \$		178,274,947	126,688,044	+40.7
War Expenditures \$		671,612,821	308,935,836	+117.4
United Kingdom War Financing \$		548,928,634	-	-

Twelve items recorded declines, while thirty-nine showed increases.

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first eight months of 1942

compared with the same period of the

preceding year

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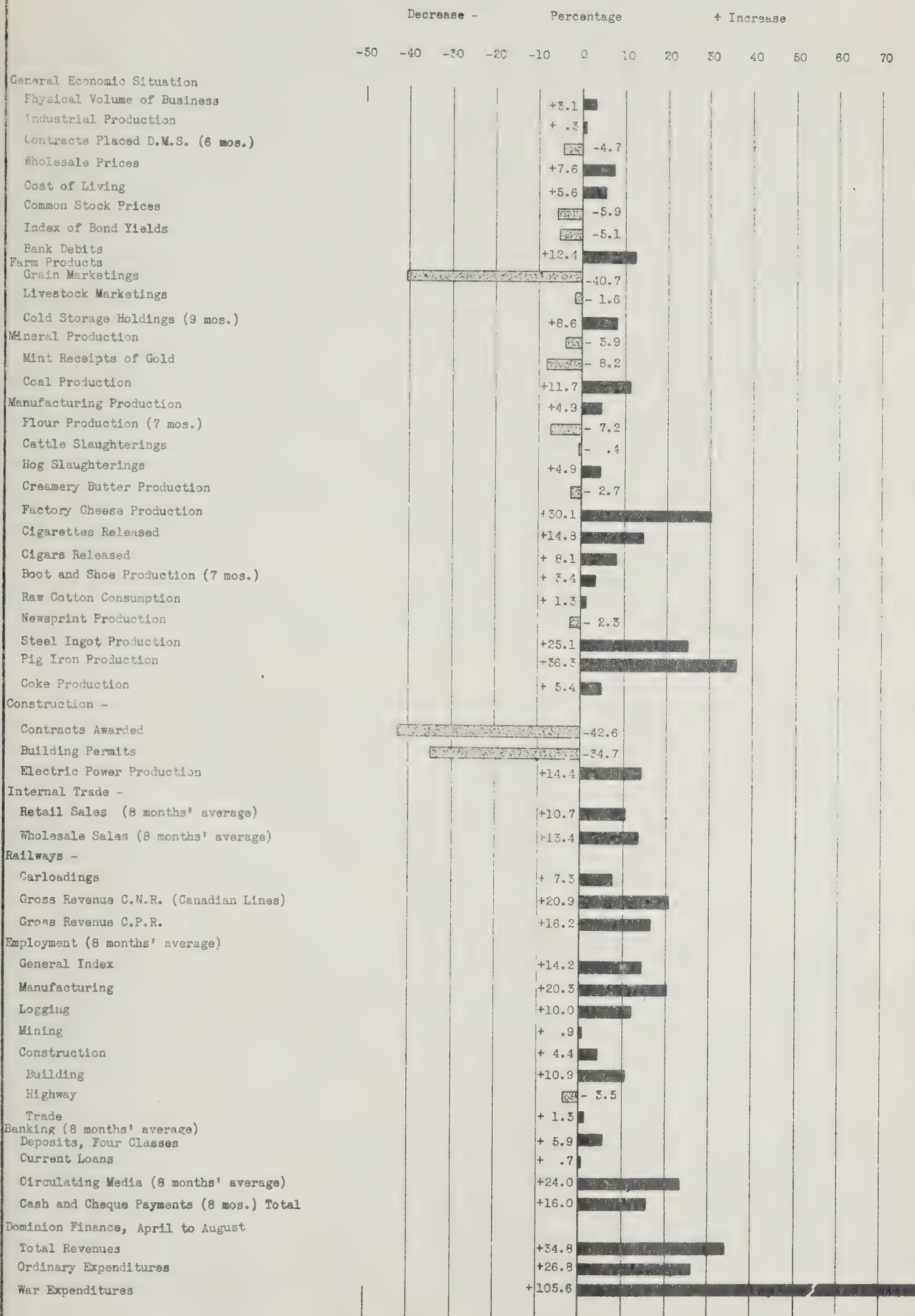
OTTAWA

1942

Price \$1 a year

THE ECONOMIC SITUATION IN CANADA

in the first eight months of
1942 as compared with the same period of 1941.



Fourteen items recorded declines, while thirty-seven showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA

BUSINESS STATISTICS BRANCH

Dominion Statistician:	S.A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST EIGHT MONTHS OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Four of the six prominent factors indicating the trend of economic conditions averaged higher in the first eight months of the present year than in the same period of 1941. Productive operations reached a higher level than in any other year but the lead over the first eight months of 1941 was of moderate proportions. A marked advance had been recorded from the early months of 1939 to the latter part of 1941. The decline in some industries engaged in the production of goods for civilian consumption has checked the advance. The lack of raw materials and more recently of sufficient labour force has placed difficulties in the path of a number of industries. The firms engaged on the production of munitions and war supplies continued to record expansion, but it is anticipated that the maximum will be reached in the early months of next year. An index of the physical volume of business averaged 135.9 against 131.8 in the same period one year ago. The index has been above the inter-war trend for more than three years and the volume of production in 1929 has been greatly surpassed, the zenith of that period having been exceeded in the early months of 1940.

While the upward trend of wholesale prices was checked nearly one year ago by the intensification of price control, the trend since the beginning of hostilities has been in an upward direction. A marked advance was recorded in September, 1939 upon the declaration of war and the advance was continued rather sharply during the first ten months of 1941. The index of wholesale prices on the base of 1926 averaged 95.2 in the first eight months of the present year against 88.0 in the same period of 1941. The index number of the present year indicates that much of the reaction which occurred from 1929 to 1933 has now been counterbalanced. The standing in July was higher than at any other time since 1929 and the recession in August was of a minor character.

The cost of living index averaged 116.4 against 109.9 in the first eight months of 1941, a gain of 5.6 p.c. A drop of three-tenths of a point between August 1 and September 1 was recently reported. The standing at the beginning of August was 117.4 or 16.5 p.c. above the index of 100.8 at the beginning of hostilities. Since the beginning of July the decline has amounted to $\frac{1}{2}$ of 1 p.c. The recent recession was due to decline in a number of food prices.

The prices of high-grade bonds were relatively steady during the first eight months of the present year. An upward trend has been shown during the period following the first month of hostilities. A considerable reaction was recorded in September, 1939, but the subsequent advance has nearly counterbalanced that reaction. An index of bond yields was 99.2 during the first eight months against 104.3 in the same period of last year. The decline of slightly more than 5 p.c. in this index reflects the advance in Dominion bonds. An index of capitalized yields in the elapsed portion of the present year was somewhat above the line of the inter-war trend. The index has been higher than at any other time in recent years, except for a short period in 1936 and 1939.

The deposit liabilities of the chartered banks showed a considerable fluctuation during the early months of the present year. In anticipation of the last Victory Loan, notice deposits rose to a high level. The total of the four classes showed some reaction when payments for the loan were effected. The trend of bank deposits has been sharply upward since 1934 and a new maximum in our banking history was reached during the period under review. Speculative factors remained at a low level during the first eight months of the present year. The index of common stock prices receded about 6 p.c. to 63.0, while speculative trading was also at an even lower level than in the same period of 1941.

The records of productive operations will be beneficially affected during the next twelve months by the heavy crop production of the present year. While the grain crop of the Prairie area was several weeks late in maturing, raising serious difficulties in regard to the harvest, it is evident that the production of the present year was greater than at any other time. The heavy production of coarse grains will assist in filling the quota of livestock products required for export to the British market during the present crop year. The index of livestock marketings was practically maintained in the first eight months as compared with the same period of last year, while the index of cold storage holdings was 8.6 p.c. greater at practically 149.

An index of mineral production showed minor reaction at 125.8 against 130.7. Gold receipts at the Mint were more than 8 p.c. lower at 3,164,991 fine ounces. Coal production, on the other hand, showed an increase of nearly 12 p.c. The index of manufacturing production recorded a further gain of nearly 5 p.c. over the high level of the first eight months of 1941. Prominent in the advance was the record of the primary iron and steel industry. The output of steel rose 25 p.c. while the production of pig iron was more than 36 p.c. greater.

Statistics Illustrating the Economic Situation of Canada for the first eight months of 1942, compared with the same period of 1941.

	Unit or Base Period	First Eight Months 1942	1941	Per Cent Increase + Decrease -
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	135.9	131.8	+ 4.1
Index of Industrial Production	1935-9=100	144.9	144.4	+ .3
War Contracts Placed, D.M.S.(6 mos.)	\$000	533,763	552,828	- 4.7
Wholesale Prices	1926=100	95.2	88.0	+ 7.6
Cost of Living	1935-9=100	116.4	109.9	+ 5.6
Index of Common Stock Prices	1935-9=100	63.0	66.7	- 5.9
Index of Bond Yields	1935-9=100	99.2	104.3	- 5.1
Bank Debits	\$ 000	228,775,385	25,201,597	+12.4
<u>Production and General Business</u>				
Farm Products -				
Index of Grain Marketings	1935-9=100	109.6	154.2	-40.7
Index of Livestock Marketings	1935-9=100	100.3	101.9	- 1.6
Index of Cold Storage Holdings(9 mos.)	1935-9=100	148.9	136.1	+ 8.6
Mineral Production	1935-9=100	125.8	130.7	- 3.9
Gold Receipts at Mint	Fine Oxs.	3,164,991	3,422,941	- 8.2
Coal Production	Tons	12,302,997	10,868,590	+11.7
Manufacturing Production	1935-9=100	151.7	144.3	+ 4.9
Flour Production (7 mos.)	Bbls.	11,315,427	12,132,395	- 7.2
Cattle Slaughtering	No.	1,091,151	1,095,360	- .4
Hog Slaughtering	No.	3,936,959	3,743,623	+ 4.9
Creamery Butter Production	Lbs.	195,777,637	201,142,677	- 2.7
Factory Cheese Production	Lbs.	140,687,700	98,393,189	+30.1
Cigarettes released	No.	6,331,718,869	5,397,537,480	+14.8
Cigars released	No.	127,429,948	117,102,557	+ 8.1
Leather Boots and Shoes (7 mos.)	Pairs	16,558,061	15,992,447	+ 3.4
Raw Cotton Consumption	Lbs.	131,797,836	130,124,004	+ 1.3
Paper and Lumber-				
Newsprint Production	Tons	2,152,591	2,202,671	- 2.3
Iron and Steel -				
Steel Ingot Production	Short Ton	2,067,169	1,548,497	+25.1
Pig Iron Production	Short Ton	1,308,731	833,351	+36.3
Scoke Production	Short Ton	2,182,542	2,064,440	+ 5.4
Construction -				
Contracts awarded	\$	198,811,800	283,545,300	-42.6
Building Permits (58 Municipalities)	\$	50,098,927	67,500,377	-34.7
Electric Power Production	000 K.W.H.	24,567,714	21,033,608	+14.4
Internal Trade -				
Wholesale Sales (8 mos.' average)	1935-9=100	150.8	134.6	+10.7
Retail Sales (8 mos.' average)	1935-9=100	143.2	124.0	+13.4
Railways -				
Carloadings	No.	2,210,690	2,050,224	+ 7.3
Gross Revenue C.N.R. (Canadian Lines)	\$	208,894,000	165,258,000	+20.9
Gross Revenue C.P.R.	\$	166,067,000	139,189,000	+16.2
Employment (8 months' average) -				
General Index	1926=100	169.3	145.3	+14.2
Manufacturing		200.4	159.8	+20.3
Logging		204.0	183.7	+10.0
Mining		174.9	173.3	+ .9
Construction		120.2	114.9	+ 4.4
Building		142.6	127.1	+10.9
Highway		132.3	136.9	- 3.5
Trade		155.8	153.7	+ 1.3
Banking - (8 months' average) -				
Deposits, Four Classes	\$ 000	3,170,212	2,986,187	+ 5.9
Current Loans	\$ 000	1,080,802	1,073,349	+ .7
Circulating Media (8 months' average)	\$ 000,000	541.1	411.3	+24.0
Cash and Cheque Payments (8 mos.)	Total \$000,000	38,818	32,625	+16.0
Dominion Finance - April to August				
Total Revenues	\$	906,313,179	590,864,948	+34.8
Ordinary Expenditures	\$	204,696,751	149,885,685	+26.8
War Expenditures	\$	839,349,060	408,247,783	+51.4
United Kingdom War Financing	\$	648,928,634	-	-

Fourteen items recorded declines, while thirty-seven showed increases.

Please Read This Carefully

The Director of Government Office Economies Control has ordered a thorough purging of all departmental free mailing lists, and to this end, has ordered that all publications must carry the following notice: "There must be a reduction, and more economical use, of paper, envelopes and labour in respect of the free mailing list. This is the last issue of this publication you will receive, unless you desire to have it continued, in which event you will advise the Dominion Bureau of Statistics, and give the reason for such continuation." This does not apply to copies going to paid-up subscribers or exchange publications.

Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce
DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Price 50 cents a year

Dominion Statistician:	S. A. Cudmore, M.A. (Oxon.) F.S.S., F.R.S.C.
Chief, Business Statistics Branch:	Sydney B. Smith, M. A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

War production recorded a marked expansion during the first nine months of the present year. While some industries were handicapped by shortages of labour and manpower, the operations of industries in general were at a much higher level than in 1941. The index of the physical volume of business, revised since the last report was published, averaged 23.6 p. c. higher in the first nine months of 1942 than in the same period of last year. The index of industrial production showed an even greater increase, the standing in the elapsed portion of the present year having been 217.8 against 168.9, a gain of 29 p.c.

The index of the physical volume of business and its main components were revised for the purpose of giving full representation to war production. The factors were re-weighted according to the relative importance during the present year. A number of factors were dropped from the computation, while others were added.

The indexes of volume previously used in this publication were weighted according to conditions existing in the base period of 1935-39. While the weighting system was satisfactory for peacetime, the handicapped upon industries engaged in war production rendered the index unsatisfactory for the present period. The net result was that the revised index was considerably above the standing of the one previously published.

Many other economic factors recorded advance in the first nine months of the present year. The index of wholesale prices on the base of 1926 averaged 95.3 against 88.5 last year, the gain being 7.7 p.c. The rise in the cost of living was somewhat more moderate, the index on the base of 1935 advancing from 110.4 to 116.5, a gain of 5.5 p. c. High-grade bond prices were at a somewhat higher level in the present year, the index standing at 99.3 against 95.9.

The amount of cheques cashed in clearing centres, popularly known as bank debits, rose from \$28.5 billion in the first nine months of last year to \$32.3 billion in the period under review, a gain of 13.3 p.c. During the same period, the four classes of bank deposits rose from \$3,017 million to \$3,228 million, a gain of 7 p.c. Current loans averaged slightly less in the first nine months of the present year, the amount having been \$1,069 million against \$1,081 million in the same period of 1941.

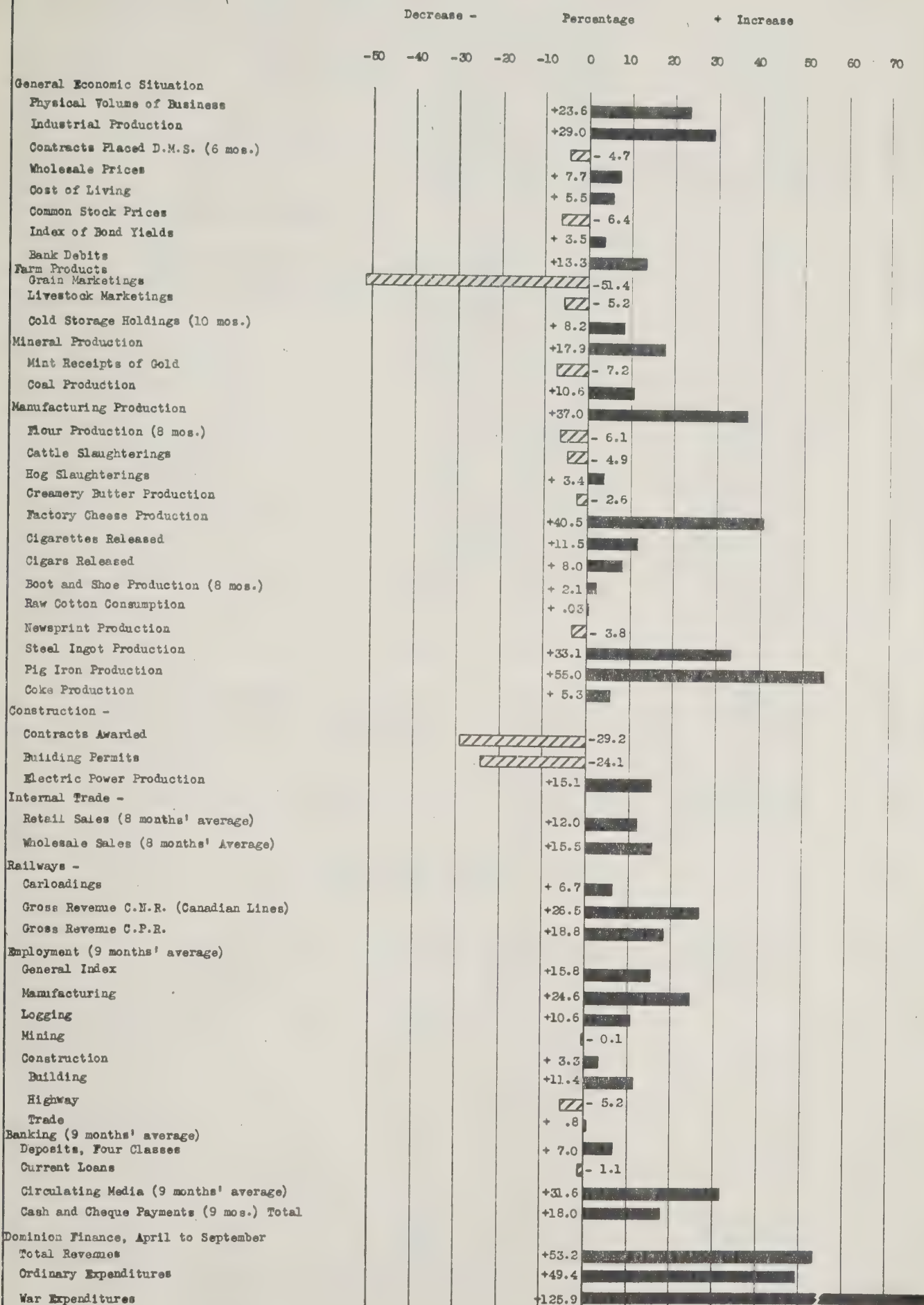
Owing to the lower level of the grain crop of 1941, the index of grain marketings showed considerable decline. This position will be reversed as the heavy crop of the present year is marketed. The index of livestock marketings averaged 98.6 in the elapsed portion of 1942 against 104 last year. The index of cold storage holdings was 145.6 against 134.6, a gain of more than 8 p.c.

The revised index of mineral production averaged 225.7 in the first nine months of the present year against 191.5, a gain of nearly 18 p.c. Gold receipts at the Mint, however, at 3,548,000 fine ounces were 7.2 p.c. below the level of last year. Coal production showed a gain of 10.6 p.c. at 13.8 million tons. The index of manufacturing production on the revised basis averaged 228.9 against 167.1, a gain of no less than 37 p.c. The milling industry was slightly less active, the wheat flour production in the first eight months having been 13.1 million barrels, a decline of slightly more than 6 p.c. Hog slaughterings were 4,342,000 head against 4,199,000, a gain of 3.4 p.c. Some reduction was recorded in cattle slaughterings. A feature was the increased output of factory cheese. At 166.5 million pounds the production recorded a gain of 40.5 p.c. The release of cigarettes and cigars has shown further expansion. Cigarettes made available were 7,222 million against 6,263 million. The gain in the release of cigars was 8 p.c.

The national income was tentatively estimated at \$646.2 million in August, the total for the nine months having been \$5,515, million against \$4,803 million in the same period of 1941. War production was the main influence in increasing the national income during the present year.

THE ECONOMIC SITUATION IN CANADA

in the first nine months of
1942 as compared with the same period of 1941



The indexes of the Volume of Business, Industrial Production, Mineral Production and Manufacturing were revised since the issue of the last report.

Fourteen items recorded decline, while thirty-seven showed increases.

Statistics Illustrating the Economic Situation of Canada for the first nine months
of 1942, compared with the same period of 1941.

	Unit or Base Period	1942	First Nine Months 1941	Per Cent Increase + Decrease -
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	195.4	158.1	+ 23.6
Index of Industrial Production	1935-9=100	217.8	168.9	+ 29.0
War Contracts Placed, D.M.S. (6 mos.)	\$000	533,763	558,828	- 4.7
Wholesale Prices	1926=100	95.3	88.5	+ 7.7
Cost of Living	1935-9=100	116.5	110.4	+ 5.5
Index of Common Stock Prices	1935-9=100	62.9	67.2	- 6.4
Index of Bond Yields	1935-9=100	99.3	95.9	+ 3.5
Bank Debits	\$000	32,291,693	28,502,328	+ 13.3
<u>Production and General Business</u>				
Farm Products -				
Index of Grain Marketings	1935-9=100	101.2	208.2	- 51.4
Index of Livestock Marketings	1935-9=100	98.6	104.0	- 5.2
Index of Cold Storage Holdings (10 mos.)	1935-9=100	145.6	134.6	+ 8.2
Mineral Production	1935-9=100	225.7	191.5	+ 17.9
Gold Receipts at Mint	Fine Ozs.	3,547,871	3,820,603	+ 7.2
Coal Production	Tons	13,766,184	12,446,462	+ 10.6
Manufacturing Production	1935-9=100	228.9	167.1	+ 37.0
Flour Production (8 mos.)	Bbls.	13,135,626	13,984,534	- 6.1
Cattle Slaughtering	No.	1,196,710	1,258,035	- 4.9
Hog Slaughtering	No.	4,341,936	4,198,536	+ 3.4
Creamery Butter Production	Lbs.	227,372,211	233,420,115	- 2.6
Factory Cheese Production	Lbs.	166,539,468	118,493,848	+ 40.5
Cigarettes released	No.	7,221,827,951	6,263,494,099	+ 11.5
Cigars released	No.	144,784,531	134,086,562	+ 8.0
Leather Boots and Shoes (8 mos.)	Pairs	18,788,567	18,404,551	+ 2.1
Raw Cotton Consumption	Lbs.	147,286,708	147,249,978	+ .03
Paper and Lumber -				
Newsprint Production	Tons	2,410,209	2,505,947	- 3.8
Iron and Steel -				
Steel Ingot Production	Short Ton	2,312,091	1,737,163	+ 33.1
Pig Iron Production	Short Ton	1,464,631	945,108	+ 55.0
Coke Production	Short Ton	2,451,890	2,327,382	+ 5.3
Construction -				
Contracts awarded	\$	228,486,900	322,809,100	- 29.2
Building Permits (58 Municipalities)	\$	57,547,323	75,801,301	- 24.1
Electric Power Production	000 K.W.H.	27,514,324	23,900,255	+ 15.1
Internal Trade -				
Wholesale Sales (8 mos.' average)	1935-9=100	150.8	134.6	+ 12.0
Retail Sales (8 mos.' average)	1935-9=100	143.2	124.0	+ 15.5
Railways -				
Carloadings	No.	2,500,567	2,344,396	+ 6.7
Gross Revenue C.N.R. (Canadian Lines)	\$	238,824,100	188,800,000	+ 26.5
Gross Revenue C.P.R.	\$	188,180,000	158,457,000	+ 18.8
Employment (9 months' average) -				
General Index	1926=100	170.4	147.2	+ 15.8
Manufacturing		202.1	162.2	+ 24.6
Logging		197.7	178.8	+ 10.6
Mining		174.0	174.2	- .1
Construction		123.1	119.2	+ 3.3
Building		145.4	130.5	+ 11.4
Highway		136.8	144.3	- 5.2
Trade		155.4	154.1	+ .8
Banking - (9 months' average)				
Deposits, Four Classes	\$000	3,228,270	3,017,018	+ 7.0
Current Loans	\$000	1,069,396	1,081,111	- 1.1
Circulating Media (9 months' average)	\$000,000	549.4	417.6	+ 31.6
Cash and Cheque Payments (9 mos.)	Total \$000,000	43,627	36,972	+ 18.0
Dominion Finance - April to September				
Total Revenues	\$	1,068,816,627	697,758,168	+ 53.2
Ordinary Expenditures	\$	254,391,764	170,287,062	+ 49.4
War Expenditures	\$	1,121,928,551	496,613,470	+ 125.9
United Kingdom War Financing	\$	632,500,000	-	-
National Income	\$000,000	5,515	4,803	+ 14.8

Fourteen items recorded declines, while thirty-eight showed increases.

Price 50 cents a year

Dominion Statistician:	S. A. Cudmore, M.A. (Oxon.) F.S.S., F.R.S.C.
Chief, Business Statistics Branch:	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TEN MONTHS OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

A majority of the factors indicating the trend of economic conditions recorded a considerably higher level in the first ten months of the present year than in the same period of 1941. The index of business operations rose more than 24 p.c. to a new high position in Canada's industrial history. While an upward trend has been shown since the early part of 1933, the advance was greatly hastened by war demands since the outbreak of hostilities in September, 1939.

Wholesale prices registered a higher level in the first ten months of the present year than in any other similar period since 1928. A marked increase was shown during the last four months of 1939, subsequent to the commencement of the war and the advance was continued at an accelerated pace during 1941. The fluctuations during the last twelve months have been of moderate proportions but an upward drift has been in evidence. The index of wholesale prices was 95.5 during the first ten months against 89.1 in the same period of 1941, a gain of 7.2 p.c.

The deposit liabilities of the banks, averaged higher in 1942 than in any other year. The average of four classes of deposits during the first ten months was \$3,265 million a gain of 8.3 p.c. over the same period of last year. The index of bond yields averaged slightly lower in the elapsed portion of the present year indicating a betterment in bond prices. An index of capitalized yields, showing the fluctuations in prices, has shown an upward trend since September, 1939. While the rise in the last two years was of a moderate character, the position has been in advance of the inter-war trend. While speculative factors recorded a gain in October, common stock prices showed a decline of 6.4 p.c. in the first ten months of 1942 from the same period of last year. Stock trading has also been at a very low position. Both speculative factors are fluctuating far below the inter-war trend.

The index of the physical volume of business averaged 199.1 in the first ten months of the year against 160.2 in 1941, a gain of 24.3 p.c. Manufacturing production, influenced by war demands recorded the greatest advance in this comparison. The index was 238.4 against 169.6 in the same period of last year.

The construction industry operated at a lower level than in 1941 when the maximum of the war period was reached. Contracts awarded were practically \$250 million in 1942 against \$352 million in the same period one year ago. The decline in contracts awarded and in building permits was 29 p.c. and 25.7 p.c., respectively. Electric power production was at capacity levels amounting to 30,681 million kilowatt hours against 27,041 million, a gain of 13.5 p.c. Despite measures to conserve electric power and to increase the capacity of developments, a shortage has arisen leading to the necessity of allocation.

Railway traffic was at a higher level in the first ten months of this year than in the same period of 1941. The increase was 6.3 p.c., the total having been 2,824,000 cars loaded. The statistics of tons carried and especially of tons carried one mile indicate a much greater expansion in the movement of railway freight. The gross revenue of the Canadian National Railway in the first nine months was \$238 million against \$188.8 million in the same period of last year, a gain of 26.5 p.c. The revenue of the Canadian Pacific Railway rose from \$158.5 million to \$188.2 million, a gain of 18.8 p.c.

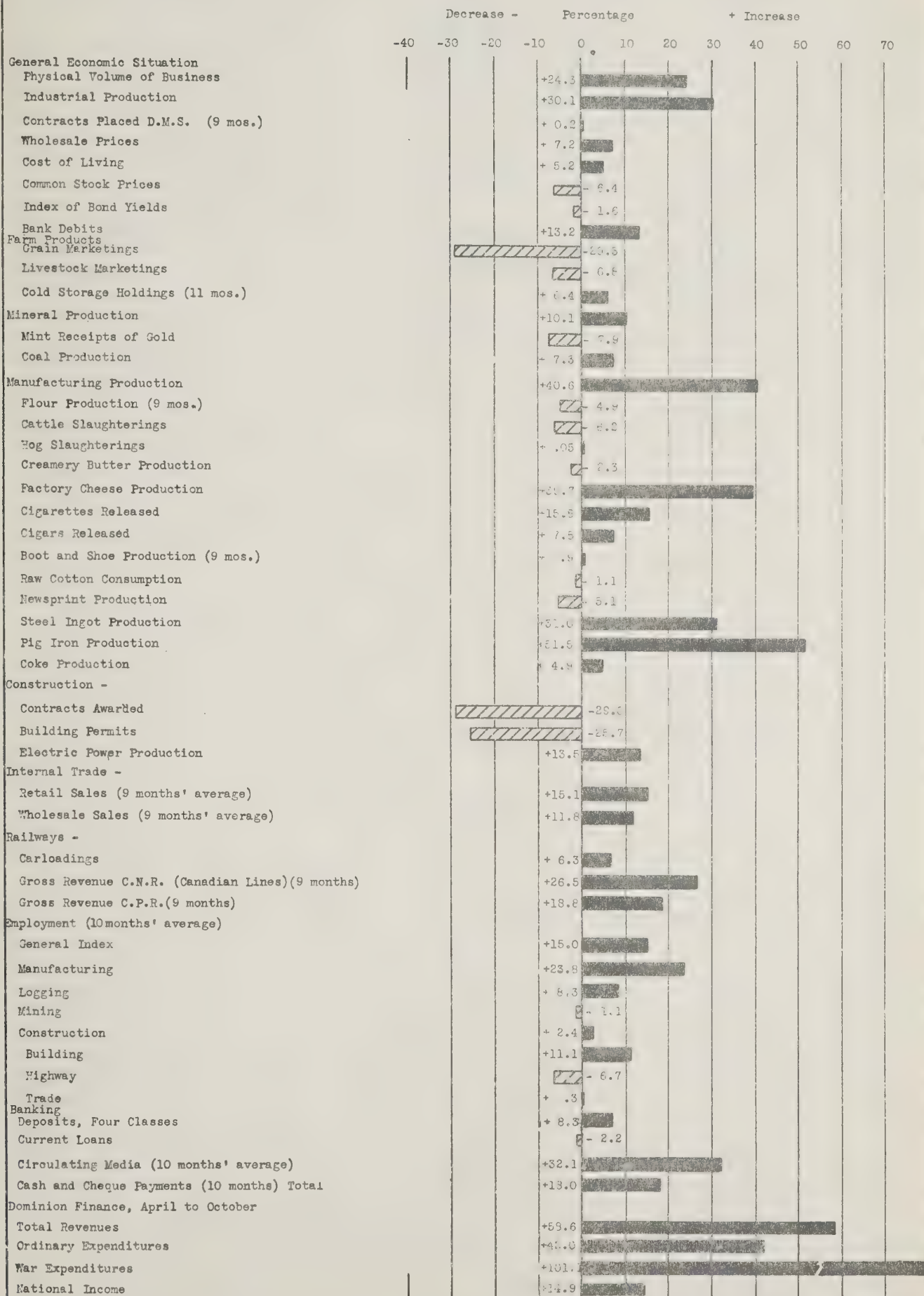
The index of mineral production rose from 202.3 to 222.7, a gain of more than 10 p.c. A decline of 7.9 p.c. was shown in gold receipts at the Mint, while coal production recorded a gain of 7.3 p.c., the total in the first ten months of 1942 having been 15,365,000 tons.

Internal trade was at a higher level than in 1941 but the disparity over the position of last year has not been as great in recent months as in the first quarter. An index of wholesale sales rose from 138.6 to 154.9, a gain of 11.8 p.c. The index of retail sales at 144.4 was 15.1 p.c. greater than in the same period of 1941.

Grain marketings during the first ten months of 1942 were at a lower position than in the same period of the preceding year. The index recorded a decline of 29.3 p.c., the standing in the present year having been 102.4. Owing to the lateness of the crop, marketings in September were at a particularly low position, but heavier deliveries were made in October.

The national income was \$6,185 million in the first ten months of the present year against \$5,384 million, a gain of nearly 15 p.c. The results are tentative pending the receipt of further information.

THE ECONOMIC SITUATION IN CANADA
in the first ten months of
1942 as compared with the same period of 1941



Dominion Bureau of Statistics

Fifteen items recorded decline, while thirty-seven showed increases.

Statistics Illustrating the Economic Situation of Canada for the first ten months of 1942, compared with the same period of 1941.

	Unit or Base Period	First Ten Months 1942	1941	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	199.1	160.2	+ 24.3
Index of Industrial Production	1935-9=100	223.6	171.9	+ 30.1
War Contracts Placed, D.M.S. (9 mos.)	\$000	904,546	903,029	+ 0.2
Wholesale Prices	1926=100	95.5	89.1	+ 7.2
Cost of Living	1935-9=100	116.7	110.9	+ 5.2
Index of Common Stock Prices	1935-9=100	63.1	67.4	- 6.4
Index of Bond Yields	1935-9=100	99.3	100.9	- 1.6
Bank Debits	\$000	36,365,083	32,129,505	+ 13.2
Production and General Business				
Farm Products -				
Index of Grain Marketings	1935-9=100	102.4	144.9	- 29.3
Index of Livestock Marketings	1935-9=100	96.7	103.7	- 6.8
Index of Cold Storage Holdings (11 mos.)	1935-9=100	157.9	148.4	+ 6.4
Mineral Production				
Gold Receipts at Mint	Fine Ozs.	3,928,015	4,264,499	- 7.9
Coal Production	Tons	15,364,574	14,313,320	+ 7.3
Manufacturing Production				
Flour Production (9 mos.)	Bbls.	14,873,098	15,633,444	- 4.9
Cattle Slaughtering	No.	1,354,236	1,443,336	- 6.2
Hog Slaughtering	No.	4,874,440	4,872,021	+ .05
Creamery Butter Production	Lbs.	252,470,517	258,383,959	- 2.3
Factory Cheese Production	Lbs.	186,789,225	133,678,652	+ 39.7
Cigarettes released	No.	8,232,278,945	7,107,786,048	+ 15.8
Cigars released	No.	164,432,095	152,984,814	+ 7.5
Leather Boots and Shoes (9 mos.)	Pairs	21,048,046	20,857,783	+ 0.9
Raw Cotton Consumption	Lbs.	163,829,467	165,591,120	- 1.1
Paper and Lumber -				
Newsprint Production	Tons	2,681,764	2,824,734	- 5.1
Iron and Steel -				
Steel Ingot Production	Short Ton	2,583,218	1,971,909	+ 31.0
Pig Iron Production	Short Ton	1,640,055	1,082,222	+ 51.5
Coke Production	Short Ton	2,730,209	2,603,045	+ 4.9
Construction -				
Contracts awarded	\$	249,899,700	351,891,900	- 29.0
Building Permits(58 Municipalities)	\$	63,796,023	85,889,250	- 25.7
Electric Power Production	000 K.W.H.	30,680,510	27,040,578	+ 13.5
Internal Trade -				
Wholesale Sales(9 mos.' average)	1935-9=100	154.9	138.6	+ 11.8
Retail Sales (9 mos.' average)	1935-9=100	144.4	125.5	+ 15.1
Railways -				
Carloadings	No.	2,823,626	2,656,924	+ 6.3
Gross Revenue C.N.R. 9 months (Canadian Lines)	\$	238,824,100	188,800,000	+ 26.5
Gross Revenue C.P.R. 9 months	\$	188,180,000	158,457,000	+ 18.8
Employment (10 months' average) -				
General Index	1926=100	171.5	149.1	+ 15.0
Manufacturing		203.7	164.5	+ 23.8
Logging		193.1	178.3	+ 8.3
Mining		173.0	175.0	- 1.1
Construction		125.8	122.8	+ 2.4
Building		148.8	133.9	+ 11.1
Highway		140.6	150.7	- 6.7
Trade		155.2	154.8	+ 0.3
Banking - (10 months' average)				
Deposits, Four Classes	\$000	3,265,832	3,016,513	+ 8.3
Current Loans	\$000	1,063,216	1,087,686	- 2.2
Circulating Media(10 mos.' average)	\$000,000	557.8	422.4	+ 32.1
Cash and Cheque Payments(10 mos.)				
Total	\$000,000	49,178	41,683	+ 18.0
Dominion Finance - April to October				
Total Revenues	\$	1,272,794,394	802,575,064	+ 58.6
Ordinary Expenditures	\$	309,850,470	218,200,458	+ 42.0
War Expenditures	\$	1,221,736,997	607,397,939	+101.1
United Kingdom War Financing	\$	828,928,634	-	-
National Income	\$000,000	6,185	5,384	+ 14.9

Fifteen items recorded declines, while thirty-seven showed increases.

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Chief, Business Statistics Branch	Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST ELEVEN MONTHS OF 1942,
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

The impact of the war was the occasion of marked expansion in economic activity in Canada during 1942. Productive operations and the deposit liabilities of the banks rose to new high levels in history. The advance in wholesale prices and bond prices were of a moderate character. Commodity prices, however, averaged higher than in any other time since 1929. High-grade bond prices were relatively stable averaging higher than at any other time since the first half of 1939. Each of the four factors were above the inter-war trend. While common stock prices and speculative trading were at a low level in 1942, advances were recorded in the last quarter.

Averaged for the first eleven months, the index of the physical volume of business was 23 p.c. higher in 1942 than in the preceding year. The index of prices recorded a standing of 95.6 against 89.5, a gain of 6.8 p.c. The increase in four classes of bank deposits was 9.4 p.c., the advance having been from \$3,019 million to \$3,303 million. The index of common stock prices was 63.5 against 67.5, a decline of 4 points or nearly 6 p.c.

Owing mainly to the expansion in war production, the index of manufacturing operations advanced from 172 to nearly 240, a gain of 39 p.c. The output of factory cheese was 196.3 million pounds against 141.3 million. The release of cigarettes rose from 7,862 million to 9,278 million. The primary iron and steel industry made further advances over the high level of 1941. Steel ingot production was 2,854,000 short tons against 2,456,000. Owing to the shortage of scrap material, the production of pig iron rose sharply from 1,362,000 to 1,811,000 tons.

Declines were shown in the new business obtained by the construction industry, contracts showing a reduction of 27.4 p.c., while building permits in 58 municipalities were 26.7 p.c. lower. The consumption of firm power as produced by the central electric stations was 29,487 million k.w.h. against 25,032 million, a gain of 17.8 p.c. Retail sales recorded a gain of 15 p.c. according to the indexes available for the first ten months of the year. The increase in wholesale sales was 10.3 p.c.

Railway traffic recorded a considerable expansion over the high level of 1941. The number of tons carried one mile on the two principal railways during the first ten months recorded a gain of 10.6 p.c. Carloadings numbered 3,114,000, amounting to a gain of nearly 6 p.c. The gross revenues in the first ten months showed an increase of 26.7 p.c. on the Canadian National and 17.2 p.c. on the Canadian Pacific.

Drawing upon our experience with the aftermath of the last world war, we should be able to visualize more clearly the role that Canada may play in the rehabilitation of world trade. The structure of the Canadian economy is such that any important interruption in the flow of trade across our borders would deal us a serious blow. A realistic attempt at economic co-operation between the United Nations is envisaged as the only sound basis for any durable political settlement.

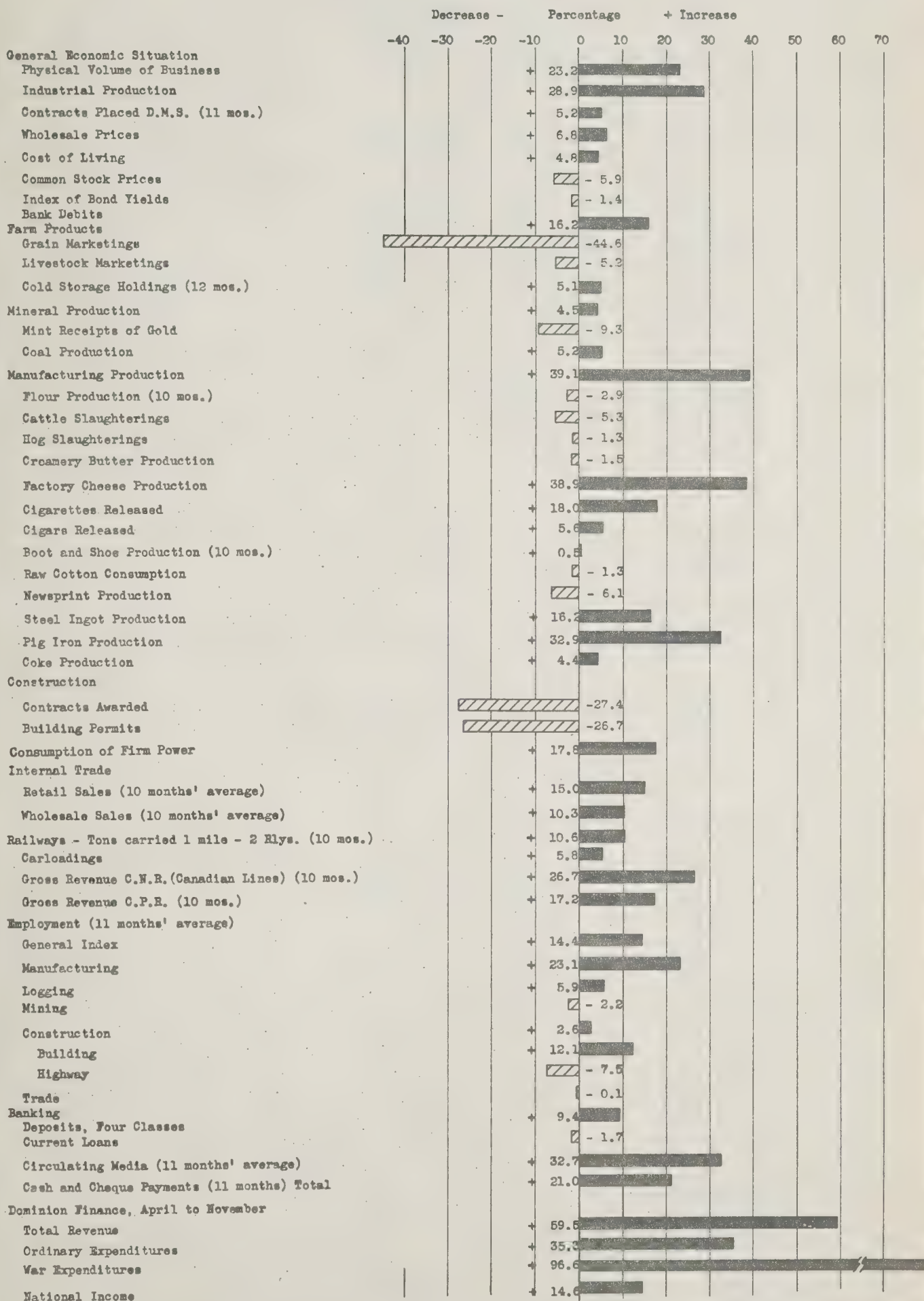
While the war and consequent shipping difficulties have disrupted the normal channels of trade, the retention of commercial relationships with other countries is highly desirable. The rebuilding of our export trade after the war will be a major factor in any scheme of reconstruction.

The close relationship established in wartime by the interchange of war supplies with the United States will provide experience for the better integration of Canadian and American industrial enterprise. It is hoped that the careful adjustment of tariffs and proper planning for the conversion of wartime industrial plant will be beneficial to both nations. The varied nature of the countries in the British Commonwealth ensures a revival of trade based on the fundamental principle of comparative advantage.

Many of the products of South America are complementary to those of this country. Consequently with the termination of the present shipping difficulties, there will be sound basis for extensive trade development. The new trade agreements signed last spring with Chile, Colombia, Peru and Ecuador will lead under more propitious circumstances to an accelerated movement of trade with South American Countries.

Marked changes characterized the external trade of Canada during the year just ended. The major portion of the munitions and war supplies produced in Canada were shipped to the battle fronts upon which the United Nations are doggedly defending their freedom.

THE ECONOMIC SITUATION IN CANADA
in the first eleven months of 1942
as compared with the same period of 1941



Dominion Bureau of Statistics

Seventeen items recorded declines, while thirty-six showed increases.

Statistics Illustrating the Economic Situation of Canada for the first eleven months of 1942, compared with the same period of 1941.

	Unit or Base Period	First Eleven Months 1942	1941	Per Cent Increase + Decrease -
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	199.9	162.3	+ 23.2
Index of Industrial Production	1935-9=100	225.0	174.6	+ 28.9
War Contracts Placed, D.M.S. (11 mos.)	\$000	1,152,209	1,095,416	+ 5.2
Wholesale Prices	1926=100	95.6	89.5	+ 6.8
Cost of Living	1935-9=100	116.8	111.4	+ 4.8
Index of Common Stock Prices	1935-9=100	63.5	67.5	- 5.9
Index of Bond Yields	1935-9=100	99.3	100.7	- 1.4
Bank Debits	\$000	41,331,641	35,556,411	+ 16.2
<u>Production and General Business</u>				
<u>Farm Products -</u>				
Index of Grain Marketings	1935-9=100	101.3	182.8	- 44.6
Index of Livestock Marketings	1935-9=100	98.5	103.9	- 5.2
Index of Cold Storage Holdings (12 mos.)	1935-9=100	142.4	135.5	+ 5.1
Mineral Production	1935-9=100	219.9	210.4	+ 4.5
Gold Receipts at Mint	Fine Ozs.	4,245,028	4,679,764	- 9.3
Coal Production	Tons	16,982,687	16,138,478	+ 5.2
Manufacturing Production	1935-9=100	239.6	172.3	+ 39.1
Flour Production (10 mos.)	Bbls.	16,724,160	17,229,375	- 2.9
Cattle Slaughtering	No.	1,515,443	1,600,472	- 5.3
Hog Slaughtering	No.	5,514,614	5,586,552	- 1.3
Creamery Butter Production	Lbs.	269,370,340	273,352,525	- 1.5
Factory Cheese Production	Lbs.	196,260,314	141,322,522	+ 38.9
Cigarettes released	No.	9,277,939,153	7,861,718,369	+ 18.0
Cigars released	No.	182,257,034	172,551,831	+ 5.6
Leather Boots and Shoes (10 mos.)	Pairs	23,465,437	23,337,905	+ 0.5
Raw Cotton Consumption	Lbs.	179,893,951	182,238,790	- 1.3
Paper and Lumber -				
Newsprint Production	Tons	2,932,911	3,125,042	- 6.1
Iron and Steel -				
Steel Ingot Production	Short Ton	2,854,030	2,456,469	+ 16.2
Pig Iron Production	Short Ton	1,810,633	1,361,872	+ 32.9
Coke Production	Short Ton	2,999,488	2,872,981	+ 4.4
<u>Construction -</u>				
Contracts awarded	\$	271,985,200	374,781,400	- 27.4
Building Permits (58 Municipalities)	\$	69,281,958	94,462,939	- 26.7
Consumption of Firm Power	000 K.W.H.	29,486,683	25,031,777	+ 17.8
<u>Internal Trade -</u>				
Wholesale Sales (10 mos.' average)	1935-9=100	156.4	141.8	+ 10.3
Retail Sales (10 mos.' average)	1935-9=100	147.4	128.2	+ 15.0
<u>Railways- Tons carried 1 mile - 2 Rlys</u>				
(10 mos.)	000,000 tons	41,700	37,701	+ 10.6
Carloadings	No.	3,114,260	2,942,748	+ 5.8
Gross Revenue C.N.R. 10 months				
(Canadian Lines)	\$	270,952,100	213,906,000	+ 26.7
Gross Revenue C.P.R. 10 months	\$	211,157,000	180,185,000	+ 17.2
<u>Employment (10 months' average) -</u>				
General Index	1926=100	172.5	150.8	+ 14.4
Manufacturing		205.1	166.6	+ 23.1
Logging		192.9	182.1	+ 5.9
Mining		172.1	175.9	- 2.2
Construction		128.4	125.1	+ 2.6
Building		153.6	137.0	+ 12.1
Highway		143.4	155.0	- 7.5
Trade		155.3	155.5	- 0.1
<u>Banking - (11 months' average)</u>				
Deposits, Four Classes	\$000	3,303,473	3,018,749	+ 9.4
Currents Loans	\$000	1,072,421	1,091,407	- 1.7
Circulating Media (11 mos.' average)	\$000,000	568.6	428.5	+ 32.7
Cash and Cheque Payments (11 mos.)				
Total	\$000,000	55,987	46,268	+ 21.0
<u>Dominion Finance - April to November</u>				
Total Revenues	\$	1,453,760,770	911,369,490	+ 59.5
Ordinary Expenditures	\$	349,940,123	258,641,835	+ 35.3
War Expenditures	\$	1,432,527,984	728,652,033	+ 96.6
United Kingdom War Financing	\$	908,928,634	-	-
National Income	\$000,000	6,824	5,953	+ 14.6

Seventeen items recorded declines, while thirty-six showed increases.

Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce
DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Price 50 cents a year

Dominion Statistician:	S. A. Cudmore, M.A. (Oxon.) F.S.S., F.R.S.C.
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ECONOMIC CONDITIONS IN CANADA DURING 1942,
COMPARED WITH THE PRECEDING YEAR

The intensification of the war effort occasioned marked economic changes during 1942. The alterations were due partly to inevitable industrial dislocations in war time but even more largely to the extensive war-time program to which the Dominion was committed.

A majority of the factors indicating the trend of economic activity recorded advances over the high levels of 1941. The index of the physical volume of business, a most comprehensive measure of productive operations, advanced more than 22 p.c. The major portion of the expansion was concentrated in manufacturing. The index of production rose from 175 to 243, a gain of no less than 38.5 p.c. In the same comparison, the index of the labour force in manufacturing plants rose from 168 to 207, a gain of nearly 23 p.c. The expansion in manufacturing operations took place mainly in the commodities required for war operations. The output of pig iron, for example, rose 29 p.c. to 1,975,000 tons. The production of factory cheese at nearly 200 million pounds was more than 36 p.c. greater than in 1941. The release of cigarettes rose to a new high point at 10,240 million, the gain over 1941 having been about 19 p.c.

The electric power industry recorded a greater output than in any other year, the consumption of firm power having been 37 billion k.w.h., a gain of 11 p.c. Mineral production was uneven, the decline in gold production having been more than counterbalanced by advances in other lines. The new business obtained by the construction industry was at a lower level than in 1941, when contracts were placed for many war plants and for military establishments.

For the purpose of conserving the higher grade materials, more urgently needed for the war program, restrictions were placed on building activities other than the erection of essential war construction or of inexpensive housing in crowded areas. All projects other than of minor value are licensed by the Controller. The residential shortage in communities congested through war activities is being relieved in part by the operations of Wartime Housing Limited. Private enterprise is also assured of fullest governmental co-operation in planned housing projects. The movement of raw material and the shipment of finished products in the direction of ultimate markets resulted in a marked expansion in the handling of railway freight. The number of tons carried one mile on the two principal railways during the first eleven months was 46 billion against 42 billion in 1941, a gain of 10 p.c. The gain in the gross revenue of the Canadian National Railway was 26 p.c. to \$299 million, while the corresponding increase for the Canadian Pacific was 16.5 p.c. to \$234 million.

The demands made upon railway transportation during the last three years have already greatly exceeded the operations of the first world war. War transportation consists not only in the movement of the armed forces and of vast quantities of munitions and supplies, but also in the carriage of raw materials and semi-finished products. The traffic during the year was estimated at 92.5 million tons, a new maximum for any like period in history. The gain over 1939 was 28.7 million tons or nearly 46 p.c.

Owing partially to favourable weather conditions, the field crops produced a greater harvest than in any other year. Owing to the heavy demand for pork products and cheese and other food required for shipments to Britain, the cash sales of the farmer rose to a high point in the year recently ended. Furnishing the United Nations and the domestic market with large supplies of food is the vital function of agriculture. The records for last year indicate that the farmer is meeting the challenge. The achievements of the war period are due to the hearty co-operation of producers, despite the scarcity of experienced farm hands. The most valuable food products for Britain at the present time are those which may be concentrated, easily transported and are available in quantity close at hand. The undertaking to supply 600 million pounds of bacon and pork in the year ended October last was completed and other war commitments for food were met in full. It is now clear that some further increase in hog production will be necessary if the desired supplies for export and domestic needs are to be furnished. It is estimated that commercial marketings of 8 million hogs will be adequate to meet British requirements of 675 million pounds of bacon and pork products in the present contract period and at the same time meet domestic demand.

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The extent of our productive facilities devoted to the war effort is indicated by an output of munitions and supplies at the rate of \$2,600 million in 1942. Contracts and commitments placed by the Department of Munitions and Supply now exceed \$6,000,000,000, and deliveries have amounted to about three billion in addition to a billion expended on plants, machinery and defense projects. War shipments of metals, foodstuffs, timber and other supplies were valued at an additional \$1.5 billion.

In some respects the shift to war economy has had a beneficial effect. The national income as computed by the Dominion Bureau of Statistics rose nearly 67 p.c. from \$4.6 billion in 1939 to about \$7.5 billion last year. War waged under the conditions prevailing in Canada is a major impetus in raising the income of the people at large. An important influence was the marked expansion in the production of capital goods and war supplies. The export trade has risen to a new maximum. Heavy borrowing of loanable funds by the Dominion Government has also had a generating influence, while the money supply in the form of bank deposits and notes showed a marked gain.

War production is scheduled to reach its maximum in the near future, but the success of offensive operations greatly depends upon the supply of munitions and equipment. The output of mechanical transport in 1942 was nearly double that of the preceding year, amounting to \$400 million. The shipbuilding expansion was from \$91 million to about \$260 million, employing more than 50,000 persons compared with 4,000 in the first quarter of 1940. The value of aircraft production increased 158 p.c. over the preceding year. With factory floor space of 3.5 million square feet, employing 55,000 persons, the output is about 400 planes per month. Large quantities of small arms, shells and bombs and armoured vehicles, including tanks, were also manufactured. The construction of ten new plants, six of them major projects, was planned for the enlargement of the chemical and explosives industry.

It is estimated that income payments to individuals in Canada rose about 70 p.c. in 1942 over 1938, the last full year of peacetime. With the marked gain in purchasing power in the hands of the public and the considerable curtailment in consumers' goods available for distribution, governmental control was needed to counteract inflationary tendencies. The supply of consumers' goods, markedly curtailed in the last half of 1942 by the shortage of raw materials and the lack of working forces, will be even more serious from now until the end of the war. While recent income tax deductions from salaries and wages are having an adverse effect on the volume of trade, the increase in employment and the higher rate of wages paid in munition factories are counterbalancing factors.

Despite the diversion of an increasing proportion of consumers' incomes to finance the war and the restrictions on the production of many lines of consumer goods, the underlying trend of retail trading continued strong. Shortly after the war commenced consumers used a portion of their income to make substantial purchases of durable and semi-durable goods in anticipation of future needs. Latterly, an increasing proportion of the expanded consumer income has gone into savings. Consequently retailers' stocks of some lines are still ample and for a time will be available to meet future needs as new supplies become more limited. Total sales during 1942 were nearly 14 p.c. above the preceding year.

The working forces showed further expansion in 1942 but the advance was at a slower pace than in the earlier years of the war period, owing to the absorption of personnel into the armed forces. The industrial distribution of the labour force continued to show important changes with a growing concentration of employees in manufacturing plants, particularly in heavy industry. With the increasing labour stringency and shortages of raw materials, contraction was recorded in the number of employees engaged in the production of consumers' goods. This movement will doubtless continue, being hastened by governmental regulations made in the interest of labour conservation.

The chartered banks played an important role in facilitating the economic expansion occasioned by war operations. Operating accounts rose to much higher levels and an excellent standard of liquidity was maintained. Demand deposits increased 75 p.c. in the 3 years ended last December, the sum of the four main classes of deposits recording an increase of 32 p.c. Notice deposits have shown considerable fluctuation, demonstrating that amounts withdrawn for investment in Victory bonds normally flow back into personal savings as government war funds are expended.

The ordinary revenues of the Dominion Government at \$1,530 million in the first nine months of the present fiscal year rose more than 59 p.c. over the same period of the preceding year. War expenditure on Canadian account more than doubled, while credits on account of the United Kingdom War Financing Act in force for the present fiscal year only were one billion dollars.

Participation in the war has confronted Canada with economic problems of unprecedented magnitude and urgency. The profound dislocation of international economic intercourse affected areas far removed from the scene of conflict. The highly mechanized character of modern warfare presented enormously increased demands upon the productive system. Material equipment is playing a more vital and decisive part in present war operations than in any other major conflict. The challenge may only be met by the hearty co-operation of Canadian enterprises and individuals in general.

Statistics Illustrating the Economic Situation of Canada in 1942,
compared with the preceding year.

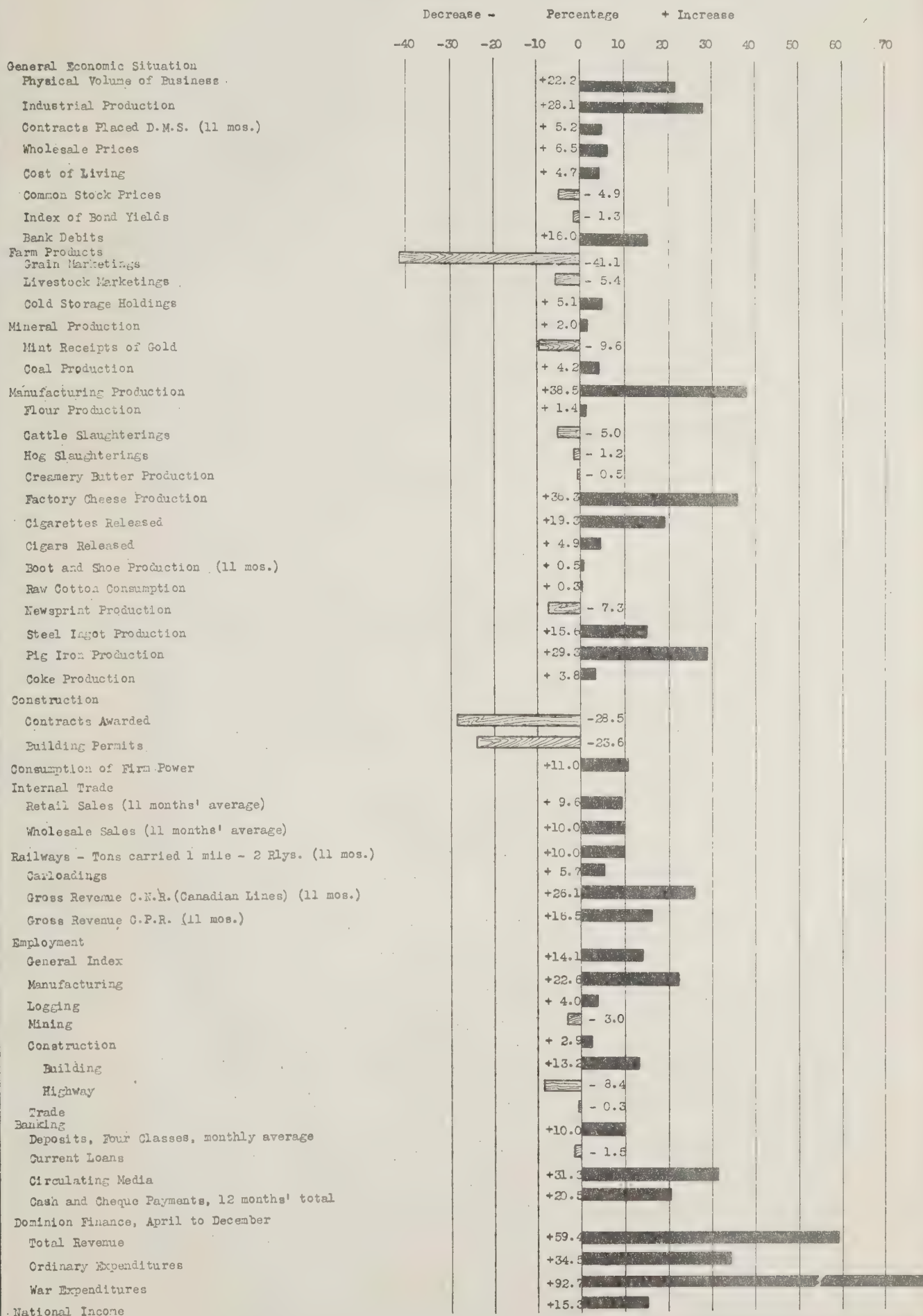
	Unit or Base Period	1942	1941	Per Cent Increase + Decrease -
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	201.7	165.0	+ 22.2
Index of Industrial Production	1935-9=100	227.2	179.4	+ 28.1
War Contracts Placed, D.M.S. (11 mos.)	\$000	1,152,209	1,095,416	+ 5.2
Wholesale Prices	1926=100	95.7	89.9	+ 6.5
Cost of Living	1935-9=100	117.0	111.8	+ 4.7
Index of Common Stock Prices	1935-9=100	64.2	67.5	- 4.9
Index of Bond Yields	1935-9=100	99.3	100.6	- 1.3
Bank Debits	\$000	45,526,254	39,242,957	+ 16.0
<u>Production and General Business</u>				
Farm Products -				
Index of Grain Marketings	1935-9=100	105.0	178.4	- 41.1
Index of Livestock Marketings	1935-9=100	100.4	106.1	- 5.4
Index of Cold Storage Holdings	1935-9=100	142.4	135.5	+ 5.1
Mineral Production	1935-9=100	219.0	214.7	+ 2.0
Gold Receipts at Mint	Fine Ozs.	4,594,487	5,081,480	- 9.6
Coal Production	Tons	18,691,020	17,933,271	+ 4.2
Manufacturing Production	1935-9=100	242.6	175.2	+ 38.5
Flour Production	Bbls.	20,760,396	20,471,347	+ 1.4
Cattle Slaughtering	No.	1,636,960	1,722,767	- 5.0
Hog Slaughtering	No.	6,195,850	6,273,851	- 1.2
Creamery Butter Production	Lbs.	283,905,770	285,218,093	- 0.5
Factory Cheese Production	Lbs.	199,984,818	146,714,497	+ 36.3
Cigarettes released	No.	10,239,799,529	8,581,740,500	+ 19.3
Cigars released	No.	200,800,319	191,440,709	+ 4.9
Leather Boots and Shoes (11 mos.)	Pairs	25,814,982	25,681,943	+ 0.5
Raw Cotton Consumption	Lbs.	198,938,609	198,388,697	+ 0.3
Paper and Lumber -				
Newsprint Production	Tons	3,177,094	3,425,865	- 7.3
Iron and Steel -				
Steel Ingot Production	Short Ton	3,123,864	2,701,313	+ 15.6
Pig Iron Production	Short Ton	1,975,015	1,528,053	+ 29.3
Coke Production	Short Ton	3,274,129	3,154,496	+ 3.8
Construction -				
Contracts awarded	\$	281,594,100	393,991,300	- 28.5
Building Permits (58 Municipalities)	\$	76,289,604	99,897,086	- 23.6
Consumption of Firm Power	000 K.W.H.	37,109,976	33,445,360	+ 11.0
Internal Trade -				
Wholesale Sales (11 mos.' average)	1935-9=100	156.1	141.9	+ 10.0
Retail Sales (11 mos.' average)	1935-9=100	149.0	135.9	+ 9.6
Railways - Tons carried 1 mile - 2 Rlys				
(11 mos.)	000,000 tons	46,313	42,111	+ 10.0
Carloadings	No.	3,387,151	3,203,687	+ 5.7
Gross Revenue C.N.R. 11 months				
(Canadian Lines)	\$	299,127,300	237,280,000	+ 26.1
Gross Revenue C.P.R. 11 months	\$	234,038,000	200,943,000	+ 16.5
Employment				
General Index	1926=100	173.7	152.3	+ 14.1
Manufacturing		206.5	168.4	+ 22.6
Logging		195.3	187.8	+ 4.0
Mining		171.3	176.6	- 3.0
Construction		130.3	126.6	+ 2.9
Building		157.9	139.5	+ 13.2
Highway		144.9	158.2	- 8.4
Trade		156.1	156.5	- 0.3
Banking - (12 months' average)				
Deposits, Four Classes	\$000	3,329,638	3,025,896	+ 10.0
Currents Loans	\$000	1,074,704	1,090,765	- 1.5
Circulating Media	\$000,000	576.8	439.2	+ 31.3
Cash and Cheque Payments (12 mos.)				
Total	\$000,000	61,701	51,200	+ 20.5
Dominion Finance - April to December				
Total Revenues	\$	1,630,218,736	1,022,943,857	+ 59.4
Ordinary Expenditures	\$	396,014,032	294,407,390	+ 34.5
War Expenditures	\$	1,643,164,254	852,695,844	+ 92.7
United Kingdom War Financing	\$	1,000,000,000	-----	---
National Income	\$000,000	7,500	6,500	+ 15.3

Fifteen items recorded declines, while thirty-eight showed increases.

THE ECONOMIC SITUATION IN CANADA

in 1942

as compared with the preceding year.



Dominion Bureau of Statistics

Fifteen items recorded declines, while thirty-eight showed increases.

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